

15. In January 1971 AMPI began making payments of \$2,500 per month to the Washington, D. C. public relations firm of Wagner & Baroody. The January 1971 payments totaled \$10,000 and were in response to statements from Wagner & Baroody dated December 31, 1970 for counseling and public relations services in October, November and December of 1970 and January 1971. AMPI General Manager Nelson has testified that Wagner & Baroody was retained by AMPI after repeated requests by Colson to AMPI lawyer Harrison; that shortly prior to AMPI's agreeing to retain Wagner & Baroody, AMPI and Harrison had refused to retain the firm; that AMPI decided it had better hire the firm because Colson had requested it and because AMPI was afraid that it would lose favor or its efforts would be impeded if it did not; that AMPI considered the payments to Wagner & Baroody in the nature of contributions; and that Nelson was unaware of any activities undertaken by Wagner & Baroody on behalf of AMPI and knew of no AMPI employee who had ever met with or talked to anybody from the firm. The AMPI monthly payments to Wagner & Baroody continued from January 1971 through January 1972.

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- 15.1 AMPI checks and invoices for Wagner & Baroody with attached Wagner & Baroody bills, January 1971 through January 1972 (received from SSC).
 - 15.2 Harold Nelson testimony, SSC Executive Session, December 19, 1973, 121-130.
 - 15.3 David Parr testimony, SSC Executive Session, December 21, 1973, 242-43.
 - 15.4 Joseph Baroody affidavit to SSC, January 30, 1974 (received from SSC).
 - 15.5 Marion Harrison testimony, SSC Executive Session, December 4, 1973, 81.

16. Prior to February 1971 Haldeman directed Kalmbach to begin raising early money for the 1972 Presidential campaign. In early February 1971 Haldeman gave Colson permission to proceed with finding an outside man for handling funds from certain groups that Kalmbach did not want to be involved with. In a February 2, 1971 memorandum Haldeman told Colson to contact Republican Party Chairman Bob Dole regarding complaints that the milk producers were unable to work out a means of getting their activity going regarding their support. On February 8, 1971 Colson sent a memorandum to Haldeman saying that the problem involved a person who could handle outside support, that Haldeman and Kalmbach had been working on the problem, and that it was terribly important that Colson and people at the White House not be personally involved. In or before March 1971 Kalmbach, with Haldeman's approval, began to assist in the establishment of the Finance Committee to Re-elect the President.

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- 16.1 Herbert Kalmbach deposition, Nader v. Butz, December 13, 1973, 4.
 - 16.2 Memorandum from Charles Colson to H. R. Haldeman, February 1, 1971 (received from White House).
 - 16.3 Memorandum from H. R. Haldeman to Charles Colson, February 2, 1971 (received from White House).
 - 16.4 Memorandum from Charles Colson to H. R. Haldeman, February 8, 1971 (received from White House).
 - 16.5 Letter from Herbert Kalmbach to Earl Silbert, June 1, 1973 (received from SSC).

17. On February 2, 1971 Colson sent a memorandum to Haldeman's assistant Lawrence Higby stating that the milk producers were prepared to contribute \$100,000 for tables at a Republican dinner and that the only trick would be to be certain that the White House got credit for this against the sums it was expected to raise. Higby noted on the memorandum, "OK."

17.1 Memorandum from Charles Colson to Larry Higby,
February 2, 1971 (received from White House).

18. Between February 2, 1971 and February 16, 1971 Haldeman, Ehrlichman, Colson and other White House officials approved plans for the President to meet with dairy industry leaders. In a memorandum approving the proposal for the meeting Colson stated that the President said he wanted to do this and should.

- 18.1 Memorandum from Dave Parker to Chuck Colson and John Whitaker, February 2, 1971 (received from White House).
- 18.2 Memorandum from Dave Parker to John Ehrlichman, February 4, 1971 (received from White House).
- 18.3 Schedule Proposal from David Parker for the President, February 16, 1971 (received from White House).

19. Beginning in early 1971 dairy cooperative representatives undertook intense lobbying efforts in Congress to enact legislation requiring a milk price support level of between 85% and 90% parity. On February 10, 1971 Speaker Carl Albert, Congressman Wilbur Mills, and Ranking House Ways and Means Committee member John Byrnes met in Speaker Albert's office with AMPI officials Harold Nelson and Dave Parr, USDA Congressional liaison head William Galbraith, and Counsel to the President for Congressional Relations Clark MacGregor. On March 4, 1971 Congressman Mills telephoned OMB Director George Shultz and on March 10, 1971 Speaker Albert telephoned Shultz to urge an increase in milk price supports. During late February and March, 88 Members of Congress wrote or wired the Department of Agriculture urging an increase in milk price supports to 90% of parity. Ten other Members sought an increase to at least 85% of parity, while 44 Members forwarded constituent requests which sought increases to various levels. Between March 16 and March 25, 1971 approximately 28 bills were introduced in the House of Representatives and two in the Senate to increase the minimum level of milk price supports to at least 85% of parity.

19.1 White House "White Paper," The Milk Support Price Decision, January 8, 1974, 2-3, 14-16.

19.2 Harold Nelson testimony, SSC Executive Session, December 18, 1973, 117-20.

19.3 Memorandum from George Shultz to John Ehrlichman, March 4, 1971 (received from White House).

- 19.4 Memorandum from Edward Schmults to Messrs. Hamilton and Sanders, November 27, 1973 (received from SSC).
- 19.5 Memorandum from Clark MacGregor to John Ehrlichman and George Shultz, March 5, 1971, 1-2 (received from White House).
- 19.6 Memorandum from Bill Gifford to the Director [George Shultz], March 9, 1971 (received from White House).

Note: The Committee has received from the White House copies of congressional correspondence to USDA referred to above. The figures referred to above were compiled by the Impeachment Inquiry staff on the basis of those correspondence.

20. On or about March 3, 1971 the Department of Agriculture concluded that an increase in milk price supports above the then current level of \$4.66 per hundredweight (cwt) (approximately 79% of parity) was not economically justified to assure an adequate supply of milk. Between March 3, 1971 and March 12, 1971 the President, Ehrlichman, Ehrlichman's assistant for agricultural matters John Whitaker, Counsel to the President for Congressional Relations Clark MacGregor, Office of Management and Budget Director George Shultz, and other White House, OMB, and Council of Economic Advisors officials discussed the Department of Agriculture's decision. On March 10, 1971 Colson sent Ehrlichman a memorandum stating that because of the obvious political support they had discussed, affirmative action should be taken on certain cheese imports in order to counteract the effect of the parity level announcement.

- 20.1 Memorandum from Gary Seevers to Messrs. McCracken and Houthakker, March 3, 1971 (received from White House).
- 20.2 Memorandum from Donald Rice to Messrs. Shultz and Ehrlichman, March 4, 1971 with routing memorandum (received from White House).
- 20.3 Memorandum from Clark MacGregor to John Ehrlichman and George Shultz, March 5, 1971 (received from White House).
- 20.4 Memorandum from Donald Rice to George Shultz, March 5, 1971 (received from White House).
- 20.5 Memorandum from "JCW" [John Whitaker] to "JE" [John Ehrlichman] March 5, 1971 (received from White House).
- 20.6 Memorandum from Charles Colson to John Ehrlichman, with note to "C" [Colson], March 10, 1971 (received from White House).
- 20.7 Memorandum from George Shultz to the staff secretary, March 20, 1971 (received from White House).

21. On March 12, 1971 Secretary of Agriculture Hardin, finding that the price support level of \$4.66 per cwt. would assure an adequate supply and otherwise fully meet the applicable statutory criteria, set the milk price support level for the marketing year April 1, 1971 - March 31, 1972 at \$4.66 (approximately 79% of parity). In the same press release announcing the price support decision, the Department of Agriculture noted that the President had ordered the Tariff Commission to conduct an immediate investigation on restricting cheese imports and it announced purchase of cheese for the USDA food program. According to a memorandum by Whitaker, the President approved this announcement on March 12, 1971 on the recommendation of Hardin, Shultz, Ehrlichman and Special Assistant to the President for International Economic Affairs Peter Peterson.

- 21.1 Agriculture Act of 1949, 7 USC §§ 1446, 1426.
- 21.2 United States Department of Agriculture press release, March 12, 1971 (received from White House).
- 21.3 Memorandum from John Whitaker to the President, March 22, 1971 (received from White House).
- 21.4 President Nixon remarks, November 17, 1973, 9 Presidential Documents 1355.

22. From early March 1971 through March 25, 1971 dairy cooperative attorneys and representatives contacted Administration officials to urge that the President increase milk price supports above the level set by Secretary Hardin. Murray Chotiner, who resigned as Special Counsel to the President on March 4, 1971 and was retained by AMPI shortly thereafter, spoke with John Ehrlichman, John Whitaker, Charles Colson, and Colson's assistant Henry Cashen to urge that the milk price support level be increased. Jake Jacobsen, another AMPI attorney, met with Secretary of the Treasury Connally. Bob Lilly, the secretary of AMPI's political trust, has testified that in March 1971 Secretary Connally told him that an increase in milk price supports was "in the bag." Connally has denied making this statement or meeting with AMPI officials between March 12, 1971 and March 25, 1971.

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- 22.1 Memorandum from Marion Harrison to John Whitaker, March 19, 1971 (received from SSC).
 - 22.2 Letter from Marion Harrison to Charles Colson, March 10, 1971 (received from White House).
 - 22.3 Letter from Marion Harrison to Charles Colson, March 11, 1971, with attachments (received from White House).
 - 22.4 Dwight Morris testimony, SSC Executive Session, March 11, 1974, 23.
 - 22.5 Murray Chotiner deposition, Nader v. Butz, December 28, 1972, 6-10.
 - 22.6 Jake Jacobsen testimony, SSC Executive Session, December 14, 1973, 66, 74-75.
 - 22.7 John Connally testimony, SSC Executive Session, November 15, 1973, 8-10, 17-20, 39, 42.

- 22.8 Bob Lilly testimony, SSC Executive Session, November 14, 1973, 3-4, 171-73.
- 22.9 David Parr testimony, SSC Executive Session, December 21, 1973, 40-42, 44-45, 48-49.
- 22.10 Harold Nelson testimony, December 18, 1973, 131-32.
- 22.11 Harold Nelson testimony, December 19, 1973, 45-46, 53.
- 22.12 John Connally logs, March 4, 1971 (with attached itinerary, March 5-7, 1971); March 19, 1971; March 23, 1971 (received from SSC).

23. On March 17, 1971 Colson sent a memorandum to Haldeman's aide Gordon Strachan attaching memoranda from Colson's file regarding the milk producers' political contributions and saying this is now in your department. On March 18, 1971 Dean sent to Kalmbach and other Presidential campaign fundraisers a draft charter for a political committee to serve as a model to be used in connection with the milk producers' association. Haldeman has testified that on an uncertain date he had a conversation with Connally regarding the establishment of mechanics for receiving milk producer contributions.

- 23.1 Memorandum from Chuck Colson to Gordon Strachan, March 17, 1971, and attachments (received from White House).
- 23.2 Memorandum from John Dean to Frank DeMarco, Tom Evans and Herb Kalmbach, March 18, 1971, with attachment (received from SSC).
- 23.3 H. R. Haldeman unsworn interview, SSC Executive Session, January 31, 1974, 20-21.

24. On March 19, 1971 Ehrlichman, Shultz, Whitaker, Cashen, and other White House aides met in Ehrlichman's office with Campbell and Hardin and discussed the milk price support issue.

- 24.1 John Ehrlichman log, March 19, 1971 (received from SSC).
- 24.2 Memorandum from Edward Schmults to James Hamilton and Donald Sanders, November 27, 1973 (received from SSC).
- 24.3 Memorandum from John Whitaker to John Ehrlichman, March 19, 1971 (received from White House).

25. On March 19, 1971 Connally met with AMPI lawyer Jake Jacobsen. On March 20, 1971 and March 22, 1971 Connally and the President had telephone conversations.

25.1 John Connally log, March 19, 1971 (received from SSC).

25.2 White House record of John Connally contacts with the President, March 20, 1971 (received from White House).

26. Following the Secretary of Agriculture's announcement that the milk price support level would be maintained at \$4.66 per cwt., dairy cooperative leaders determined to cancel the plans they had made in February 1971 to contribute between \$60,000 and \$100,000 for tables at a Republican dinner scheduled for March 24, 1971. Prior to March 22, 1971 dairy cooperatives did not purchase tickets to the dinner. On March 22, 1971 AMPI treasurer Bob Lilly drew checks totalling \$10,000 for tickets to the dinner. Lilly has testified that this was the usual amount that would normally have been contributed.

- 26.1 Gary Hanman testimony, SSC Executive Session, May 21, 1974, 4-8.
- 26.2 Memorandum from Charles Colson to Larry Higby, February 2, 1971 (received from White House).
- 26.3 Bob Lilly testimony, SSC Executive Session, November 14, 1973, 182-83.
- 26.4 Robert Isham deposition, Exhibit E, Nader v. Butz, November 29, 1972.

27. On March 22, 1971 Whitaker sent the President a memorandum for the President's meeting with AMPI officials scheduled for the following day. The memorandum stated that the dairy lobby had become very strong and lately had decided, like organized labor, to spend a lot of political money. The memorandum also stated that Ehrlichman, Shultz, Cashen, Assistant OMB Director Rice and other White House officials had met with Hardin and Under Secretary of Agriculture Campbell on the problem on March 19, 1971 and recommended that the President hold the line, listen to the dairymen's arguments, and await developments on the bill in the next two weeks to see if the Democrats could move on the bill.

27.1 Memorandum from John Whitaker to the President,
March 22, 1971 (received from White House).

28. At approximately 10:18 a.m. on the morning of March 23, 1971 Secretary Connally spoke by telephone with the President. According to a memorandum by Whitaker, Connally suggested that the President go along with the dairymen he was scheduled to meet at 10:30 a.m. and announce that he was ready to go to 85% of parity (\$4.92).

- 28.1 Tape recording of President's statement during telephone conversation between the President and John Connally, March 23, 1971, 10:18 - 10:21 a.m. and House Judiciary Committee transcript thereof.
- 28.2 White House record of John Connally contacts with the President, March 23, 1971 (received from White House).
- 28.3 John Connally log, March 23, 1971 (received from SSC).
- 28.4 Memorandum from John Whitaker for the record, March 25, 1971 (received from White House).

29. On March 23, 1971 from 10:35 to 11:25 a.m. the President, Hardin, Shultz, Whitaker and other White House and Department of Agriculture officials met in the Cabinet Room of the White House with Nelson, Parr, Harrison and approximately 15 other representatives of AMPI and other dairy cooperatives. They discussed political support, price support levels and other matters.

- 29.1 Tape recording of meeting among the President and dairy representatives, March 23, 1971, 10:35 - 11:25 a.m., and House Judiciary Committee transcript thereof.
- 29.2 White House list of participants in March 23, 1971 meeting of the President and dairy leaders (received from White House).

15. In January 1971 AMPI began making payments of \$2,500 per month to the Washington, D. C. public relations firm of Wagner & Baroody. The January 1971 payments totaled \$10,000 and were in response to statements from Wagner & Baroody dated December 31, 1970 for counseling and public relations services in October, November and December of 1970 and January 1971. AMPI General Manager Nelson has testified that Wagner & Baroody was retained by AMPI after repeated requests by Colson to AMPI lawyer Harrison; that shortly prior to AMPI's agreeing to retain Wagner & Baroody, AMPI and Harrison had refused to retain the firm; that AMPI decided it had better hire the firm because Colson had requested it and because AMPI was afraid that it would lose favor or its efforts would be impeded if it did not; that AMPI considered the payments to Wagner & Baroody in the nature of contributions; and that Nelson was unaware of any activities undertaken by Wagner & Baroody on behalf of AMPI and knew of no AMPI employee who had ever met with or talked to anybody from the firm. The AMPI monthly payments to Wagner & Baroody continued from January 1971 through January 1972.

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 - 15.4 Joseph Baroody affidavit to SSC, January 30, 1974 (received from SSC).
 - 15.5 Marion Harrison testimony, SSC Executive Session, December 4, 1973, 81.

NOTE 15.1

Monthly statements for counseling and public relations services from Wagner & Baroody to AMPI and AMPI checks for \$2,500.00 to Wagner & Baroody for March 1971 through December 1971 are on file in Impeachment Inquiry library.

SAN ANTONIO, TEXAS 78216

15.1 Wagner & Baroody bills,
attachment to AMPI checks and
invoices

January 23, 1971

\$ 7,500.00

PAY
TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

WAGNER & BAROODY
1100 Seventeenth Street, Northwest
Washington, D. C. 20036

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

ASSOCIATED MILK PRODUCERS, INC.

TRANSMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
		Professional Services - October, November, December 1970	6-28-16-99-00		7,500.00

WAGNER & BAROODY
1100 SEVENTEENTH STREET, NORTHWEST
WASHINGTON, D. C. 20036

December 31, 1970

Associated Milk Producers, Inc.
GPM Building
Fourth Floor
San Antonio, Texas 78216

STATEMENT

For counseling and public relations services - October,
November, December, 1970

\$7,500.00

SAN ANTONIO, TEXAS 78213

January 11, 1971

\$ 2,500.00

PAY
TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

HIGHER & EARNLEY
1110 Seventeenth Street, N.W.
Washington, D. C. 20036

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

PERMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
		Professional Services - January 1971	6-08-16-00-00		2,500.00

WAGNER & BAROODY
1100 SEVENTEENTH STREET NORTHWEST
WASHINGTON, D. C. 20036

December 31, 1970

Associated Milk Producers, Inc.
GPH Building
Fourth Floor
San Antonio, Texas 78216

STATEMENT

For counseling and public relations services for
January 1971.

\$2,500.00

OK W&B

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 744 1031 TELEX 76-7445
P.O. BOX 32287
SAN ANTONIO, TEXAS 78216

NO 4471

February 10, 1971

REGISTERED MAIL

\$ 2,500.00

ASSOCIATED MILK PRODUCERS, INC.

LACOUR & BARBOUR

1100 Seventeenth Street, North
Washington, D. C. 20036

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

ATTACHMENT STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
		Professional Services - February 1971	6-03-16-90-00		2,500.00

WAGNER A. HAROLDY
1100 SEVENTEENTH STREET, NORTHWEST
WASHINGTON, D.C. 20036

February 1, 1971

Associated Milk Producers, Inc.
GPM Building
Fourth Floor
San Antonio, Texas 78216

STATEMENT

For counseling and public relations services for
February, 1971.

\$ 2,500.00

OK

RECEIVED FEB 5 1971

ASSOCIATED MILK PROCESSORS, INC.

[6227]

WASHINGTON STATE BAR ASSOCIATION
1100 CENTINELA BLVD. SUITE 100
SEATTLE, WASHINGTON 98108

January 4, 1972

Associated Milk Producers, Inc.
GPH Building
Fourth Floor
San Antonio, Texas 78216

STATEMENT

Counseling and public relations services for
January, 1972.

\$ 2,500.00

[Handwritten signature]

The United States Senate

Report of Proceedings

Hearing held before

Select Committee on Presidential Campaign Activities

SENATE RESOLUTION 60 - GENERAL INVESTIGATION

C O N F I D E N T I A L

Wednesday, December 19, 1973

Washington, D. C.

WARD & PAUL
410 FIRST STREET, S. E.
WASHINGTON, D. C. 20003

(202) 544-6000

*Source: SSC
2/6/74*

DR
[6230]

Harold Nelson testimony,
SSC Executive Session,
December 19, 1973

121-130

121

Retyped from indistinct original

Mr. Nelson. I don't believe so. It could have been.

Mr. Weitz. What does Wagner and Baroody do?

What type of firm is it?

Mr. Nelson. I think it is -- I am under the impression that it is a public relations firm.

Mr. Weitz. You are under the impression?

You do not know yourself?

Mr. Nelson. I have no experience with them at all.

Mr. Weitz. You said that it was an employee of AMPI, and as general manager you have responsibility for hiring and firing employees, consultants and so forth.

Did you hire Wagner and Baroody?

Mr. Nelson. Yes sir.

Mr. Weitz. Did you talk with them?

Mr. Nelson. No, sir.

Mr. Weitz. Who recommended that you hire them?

Mr. Nelson. It was recommended -- I will tell you frankly I have no independent recollection of this, but I talked to Marion Harrison, and he did not have any independent recollection of it until he talked to some attorney, he told me, who said, and refreshed his memory on it, and then he talked to me about it, that it was recommended that Wagner and Baroody be employed by AMPI as a public relations representative in Washington because we needed someone, and the recommendation was made by Mr. Colson.

Retyped from indistinct original

Mr. Weitz. To Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. And Mr. Harrison told you of Mr. Colson's recommendation.

Mr. Nelson. Yes.

And Mr. Harrison and I discussed it and said, well, you know, what are they going to do for us, and did not do any thing about it.

Mr. Weitz. You did not do anything about it?

Mr. Nelson. That is right.

Mr. Weitz. You did not hire them?

Mr. Nelson. Not then.

Mr. Weitz. When was this recommendation?

Mr. Nelson. I cannot tell you. I cannot tell you when we had this.

Mr. Weitz. Let me tell you this. If the records of AMPI showing billings from Wagner and Baroody covering the period beginning in October of 1970, does that refresh your recollection as to when they were first hired?

Mr. Nelson. I would say shortly before that.

Mr. Weitz. Does that refresh your recollection as to how much before that time you had this discussion with Mr. Harrison?

Mr. Nelson. No.

Mr. Weitz. Sometime that year?

Mr. Nelson. Oh, yes. It would have been reasonably close to that.

Mr. Weitz. Would it have been in the time in 1970 that you were also meeting with Mr. Colson from time to time?

Mr. Nelson. Sure, I'm sure it was.

Mr. Weitz. You never talked to him directly about Wagner and Baroody?

Mr. Nelson. I do not believe so.

Mr. Weitz. Did you talk to him in general about public relations firms or the need for public relations firms by AMPI?

Mr. Nelson. No, I think all this was handled by him talking to Mr. Harrison.

Mr. Weitz. Why didn't you follow his recommendation at the outset when it was first made to you?

Mr. Nelson. We did not see what they were going to do for us.

Mr. Weitz. Did Mr. Colson or Mr. Harrison indicate how much they thought Wagner and Baroody should be paid or would ask for their services?

Mr. Nelson. As I recall, it was \$25,000.

Mr. Weitz. \$25,000 a year?

Mr. Nelson. I think that is what it was. I might be wrong, but that is the figure that kind of sticks in my mind.

Mr. Weitz. Was it ever indicated to you that Mr. Colson

wanted you to hire them because they were friends of his or he had some other projects for them?

Mr. Nelson. No it was not. It was just suggested that we hire them.

Mr. Weitz. Did they make any other suggestions with respect to hiring firms or consulting firms or [sic] any sort?

Mr. Nelson. Not that I recall.

Mr. Weitz. This was the only recommendation that Mr. Colson ever made through Mr. Harrison to you?

Mr. Nelson. (Nods in the affirmative.)

Mr. Weitz. This is the only recommendation that anyone made to you about hiring firms?

Mr. Nelson. As far as I know.

Mr. Weitz. At a later time did Mr. Harrison ask you again about hiring firms?

Mr. Nelson. Well, at a later time, yes. Mr. Colson --

Mr. Weitz. Insisted?

Mr. Nelson. Well, let's say -- that might be a strong way to put it, but urged. Repeated the request is a better way.

Mr. Weitz. Again to Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. Mr. Harrison again relayed that to you?

Mr. Nelson. And we decided that we had better do it.

Mr. Weitz. Why?

Mr. Nelson. Well, because it had been suggested by Mr.

Colson was the only reason.

Mr. Weitz. Did you feel if you did not hire the firm at Mr. Colson's repeated request that you somehow might lose some favor or it might impede your efforts with Mr. Colson?

Mr. Nelson. Yes.

Mr. Weitz. Was there anything stronger to it than that?

Mr. Nelson. No.

Mr. Weitz. Did you then contact the Wagner firm?

Mr. Nelson. I do not believe I did.

Mr. Weitz. You said you never talked to them?

Mr. Nelson. I don't believe I've ever talked to them.

Mr. Weitz. Either Mr. Wagner or Mr. Baroody?

Mr. Nelson. If I have, I draw a total blank on that.

Mr. Weitz. Who hired them?

Who talked to them?

Mr. Nelson. I assume Mr. Harrison did. I have not asked him that, but I assume that's the way it was done.

Mr. Weitz. Did he indicate that he knew the firm or any of the gentlemen in the firm?

Mr. Nelson. I believe -- I don't think -- Mr. Harrison?

Mr. Weitz. Yes.

Mr. Nelson. I believe Mr. Harrison indicated that he did not know them. Mr. Harrison was not urging that this be done until the second --

Mr. Weitz. Until the second message?

Mr. Nelson. Then after the second time --

Mr. Weitz. He advised you to do so?

Mr. Nelson. Yes. Well, yes, that's right.

Mr. Weitz. At the second conversation, was it explained to you or did you discuss what the firm would do for their fee?

Mr. Nelson. No.

Mr. Weitz. And to your knowledge they were hired for AMPI?

Mr. Nelson. Yes. We paid them. I know that.

Mr. Weitz. And if the billings for AMPI indicate a fee from October '70 through January 1972 of \$2500 a month, is that consistent with your recollection?

Mr. Nelson. Let's see, that would be --

Mr. Weitz. That would be \$30,000 a year.

Mr. Nelson. That's close enough.

Mr. Weitz. To your knowledge, did any employee at AMPI ever meet with or talk to anybody from the Wagner and Baroody firm?

Mr. Nelson. Not to my knowledge.

Mr. Weitz. What did they do for their fee?

(No response)

Mr. Weitz. Nothing to your knowledge?

Mr. Nelson. I have said that repeatedly, nothing that I know of.

Mr. Weitz. Do you know whether they did anything for Mr.

Colson?

Mr. Nelson. No, I do not.

Mr. Weitz. Do you know whether they did anything for Mr. Harrison?

Mr. Nelson. I do not know that they did.

Mr. Weitz. Did you consider this in the nature of a contribution or gift of the firm to keep the favor of Mr. Colson?

Mr. Nelson. Well, I guess contribution is a better word.

Mr. Weitz. Did this have anything, to your knowledge, to do with the special projects referred to in the Hillings letter?

Mr. Nelson. I don't think so at all.

Mr. Weitz. Not to your knowledge?

Mr. Nelson. No.

Mr. Weitz. Was the firm of Wagner and Baroody or any of their principals ever mentioned to you in connection with the contribution? you [sic] have talked about the \$5,000 contribution that was made at Mr. Harrison's request.

Mr. Nelson. No.

Mr. Weitz. Did you know whether Mr. Colson had made that request, by the way, or was this just another request from Mr. Harrison?

Mr. Nelson. It was just another request. To my recollection, it was just another request. I have no independent recollection of it.

Mr. Weitz. Mr. Colson's name was never recommended in that connection?

Mr. Nelson. No.

Mr. Weitz. Did Mr. Colson to your knowledge ever make any recommendation to you or to anyone representing AMPI about political contributions?

Mr. Nelson. I think he did. I can not tell you which area or what I think he did -- maybe to Mr. Harrison, suggested some committees or something.

Mr. Weitz. Committees or candidates?

Mr. Nelson. Maybe candidates.

Mr. Weitz. Was this in connection with the 1970 senatorial campaign?

Mr. Nelson. I am not sure about that, but I believe he did.

Mr. Weitz. Were you not present at that meeting in his office in the White House?

Mr. Nelson. What meeting?

Mr. Weitz. Mr. Colson and Mr. Harrison, where Mr. Colson made particular suggestions about particular contributions.

Mr. Nelson. That's what I'm saying. I think he did. I cannot tell you what candidates and so forth.

Mr. Weitz. But other than that, were there any other instances in which you were aware that Mr. Colson made recommendations for political contributions to either you, Mr. Harrison,

or anyone else at AMPI?

Mr. Nelson. I assume that he had a lot to do with the getting of these committees.

Mr. Weitz. The committees in 1971 for the president?

Mr. Nelson. (Nods in the affirmative.)

Mr. Weitz. Has Mr. Harrison ever told you what was done with that \$5,000 contribution?

Mr. Nelson. He has told me what he has been told and what he has been asked about it, yes.

Mr. Weitz. Did he tell you what he did?

Mr. Nelson. Yes, he told me what he had done.

Mr. Weitz. What did he do with the contribution?

Mr. Nelson. I may even remember what he told me wrong, but it seems to me that he took it to George Webster's office, or whatever Webster's first name is.

Mr. Weitz. Did he mention the relationship to Wagner and Baroody of that contribution?

Mr. Nelson. No.

Mr. Weitz. Or to Mr. Colson?

Mr. Nelson. Well, that was in the newspapers.

Mr. Weitz. But other than what you've read in the newspapers?

Mr. Nelson. No, he told me how he took the check to George Webster.

Mr. Weitz. Off the record.

(Discussion off the record.)

Mr. Weitz. Let's recess for lunch.

(Whereupon at 12:46 o'clock p.m., the Committee recessed,
to be reconvened at 1:30 o'clock p.m. the same day.)

Mr. Nelson. I think that's all. It would have been.

Mr. Nelson. What time did you and Barney go?

What time of day is it?

Mr. Nelson. I think it is -- I am under the impression that it is a public relations firm.

Mr. Nelson. You are under the impression?

You do not know yourself?

Mr. Nelson. I have no experience with them at all.

Mr. Nelson. You said that he was an employee of AWSI, and as general manager you have responsibility for hiring and firing employees, consultants and so forth.

Did you hire Warner and Barney?

Mr. Nelson. Yes, sir.

Mr. Nelson. Did you talk with them?

Mr. Nelson. No, sir.

Mr. Nelson. Who recommended that you hire them?

Mr. Nelson. He was recommended -- I will tell you frankly I have no independent recollection of this, but I talked to Arthur Hargrove, and he did not have any independent recollection of it until he talked to some attorney, he told me, who told him to check the records of AWSI, and then he called some people in the firm and they told him that Warner and Barney had been hired by the firm as a public relations representative in Washington. I have no independent recollection of this, but the recommendation was made by Mr. Hargrove.

Mr. Nelson. Mr. Mr. Nelson?

Mr. Nelson. Yes.

Mr. Nelson. Mr. Mr. Nelson told you of Mr. Nelson's
 foundation.

Mr. Nelson. Yes.

And Mr. Nelson and I discussed it and said, well,
 you know, what are they going to do for us, and did not do
 thing about it.

Mr. Nelson. You did not do anything about it?

Mr. Nelson. That is right.

Mr. Nelson. You did not like them?

Mr. Nelson. Not then.

Mr. Nelson. What was this foundation?

Mr. Nelson. I cannot tell you. I cannot tell you what
 we had this.

Mr. Nelson. Let me tell you this. If the records of the
 showing buildings from Wagner and Berkey covering the period
 beginning in October of 1870, that that refresh your recollection
 as to when they were built.

Mr. Nelson. I would say shortly before that.

Mr. Nelson. Now that refresh your recollection as to when
 they were built and that you had this discussion with Mr.
 Nelson?

Mr. Nelson. Yes.

Mr. Nelson. Yes.

1 Mr. Nelson. I think I could have been reasonably close
2 to that.

3 Mr. Nelson. Now, he went down in the time in 1971 that you
4 were also working with Mr. Nelson from time to time?

5 Mr. Nelson. Sure, I'm sure it was.

6 Mr. White. You never talked to him directly about Wagner
7 and Barnaby?

8 Mr. Nelson. I do not believe so.

9 Mr. White. Did you talk to him in general about public
10 relations firms or the need for public relations firms by
11 1971?

12 Mr. Nelson. Well, I think all this was handled by his talk-
13 ing to Mr. Harrison.

14 Mr. White. Why didn't you follow his recommendation at the
15 time when it was first made to you?

16 Mr. Nelson. We did not see what they were going to do for
17 us.

18 Mr. White. Did Mr. Nelson or Mr. Harrison indicate how
19 much they thought Wagner and Barnaby should be paid or would
20 pay for their services?

21 Mr. Nelson. As I recall, he was \$25,000.

22 Mr. White. \$25,000 a year?

23 Mr. Nelson. I don't know; I think it was. I might be wrong
24 but that's the figure that kind of comes in my mind.

25 Mr. White. Was it ever indicated to you that Mr. Nelson

1 suggested that they might have been friends of his or
2 of her.

3 Mr. Nelson. Yes, sir. It was just suggested that
4 to him.

5 Mr. Nelson. Did they make any other suggestions with re-
6 spect to hiring time or consulting time or any sort?

7 Mr. Nelson. Not that I recall.

8 Mr. Waite. This was the only recommendation that Mr. Col-
9 son ever made through Mr. Harrison to you?

10 Mr. Nelson. (Nods in the affirmative.)

11 Mr. Waite. This is the only recommendation that anyone
12 made to you about hiring time?

13 Mr. Nelson. As far as I know.

14 Mr. Nelson. At a later time did Mr. Harrison ask you again
15 about hiring time?

16 Mr. Nelson. Well, at a later time, yes. Mr. Nelson --

17 Mr. Nelson. Indicated?

18 Mr. Nelson. Well, let's say -- that might be a strong way
19 to put it, exaggerated. Repeated the request is a better way.

20 Mr. Waite. Again to Mr. Harrison?

21 Mr. Nelson. Yes.

22 Mr. Nelson. Mr. Harrison again relayed that to you?

23 Mr. Nelson. And he indicated that we had better do it.

24 Mr. Nelson. Why?

25 Mr. Nelson. Well, because it had been suggested by Mr.

1 Mr. Nelson. Yes, sir.

2 Mr. Nelson. Did you find out if you did not have the film
3 in Mr. Nelson's possession before you somehow might lose
4 some favor or it might injure your relations with Mr. Nelson?

5 Mr. Nelson. Yes.

6 Mr. Nelson. Was there anything stronger to it than that?

7 Mr. Nelson. No.

8 Mr. Nelson. Did you then contact the Wagner firm?

9 Mr. Nelson. I do not believe I did.

10 Mr. Nelson. You said you never talked to them?

11 Mr. Nelson. I don't believe I've ever talked to them.

12 Mr. Nelson. Either Mr. Wagner or Mr. Barclay?

13 Mr. Nelson. No, I have a total blank on that.

14 Mr. Nelson. Was there any?

15 Was called up there?

16 Mr. Nelson. I assume Mr. Harrison did. I have not asked
17 him that, but I assume that's the way it was done.

18 Mr. Nelson. Did he indicate that he knew the film or any
19 of the gentlemen in the film?

20 Mr. Nelson. I believe -- I don't think -- Mr. Harrison?

21 Mr. Nelson. Yes.

22 Mr. Nelson. I believe Mr. Harrison indicated that he did
23 not know him. Mr. Harrison was saying that this be done
24 until the second --

25 Mr. Nelson. Until the second time up?

Mr. Nelson: Now, during the time that --

Mr. Nelson: Is that correct?

Mr. Nelson: Yes, that's your father's name.

Mr. Nelson: In the same conversation, was it explained

to you or did you understand that the firm would do for their

Mr. Nelson: No.

Mr. Nelson: And to your knowledge they were hired for AMPH

Mr. Nelson: Yes. He paid them. I know that.

Mr. Nelson: And if the billings for AMPH indicate a fee
from October '79 through January 1979 of \$2250 a month, is that
correct with your recollection?

Mr. Nelson: Let's see, that would be --

Mr. Nelson: That would be \$27,000 a year.

Mr. Nelson: What's your name?

Mr. Nelson: Is your recollection, did any employee at AMPH

Mr. Nelson: I think he was with the Wagner and Gordon
firm.

Mr. Nelson: Did you know him?

Mr. Nelson: That did pay for their fees?

Mr. Nelson: Yes.

Mr. Nelson: Is that correct?

Mr. Nelson: I think that's all, nothing more.

Mr. Nelson:

Mr. Nelson: Is there anything else you would like to say for Mr.

1 Nelson?

2 Mr. Nelson. No, sir.

3 Mr. Nelson. Do you know whether they did anything for Mr.

4 Harrison?

5 Mr. Nelson. I do not know that they did.

6 Mr. Walker. Did you consider this in the nature of a con-
7 tribution or gift of the firm to keep the favor of Mr. Colson?

8 Mr. Nelson. Well, I guess contribution is a better word.

9 Mr. Walker. Did this have anything, to your knowledge, to
10 do with the special projects referred to in the Hillings let-
11 ter?

12 Mr. Nelson. I don't think so at all.

13 Mr. Walker. Not to your knowledge?

14 Mr. Nelson. No.

15 Mr. Walker. Was the firm of Wagner and Baroody or any of
16 their principals ever mentioned to you in connection with the
17 contribution you have talked about the \$5,000 contribution
18 that was made at Mr. Harrison's request.

19 Mr. Nelson. No.

20 Mr. Walker. Did you know or think Mr. Colson had said that
21 perhaps, by any way, or was this just another request from Mr.
22 Harrison?

23 Mr. Nelson. To my best recollection. To my recollection,
24 that is all that was said. I have no independent recol-
25 lection of it.

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1 Mr. Nelson: I think he did. I don't know what the situation is
2 in the area.

3 Mr. Nelson: Yes.

4 Mr. Nelson: Did Mr. Nelson, on your knowledge, ever make an
5 or numerous as to you or he anyone representing him? What pol-
6 itical contributions?

7 Mr. Nelson: I think he did. I can't tell you which or
8 or what I think he did -- maybe Mr. Harrison, suggested a
9 number of contributions.

10 Mr. Nelson: Contributions by individuals?

11 Mr. Nelson: Yes, contributions.

12 Mr. Nelson: Was this in connection with the 1970 Democratic
13 campaign?

14 Mr. Nelson: I am not sure about that, but I believe he
15 did.

16 Mr. Nelson: When you were present at that meeting in his
17 address in the White House?

18 Mr. Nelson: Yes, meeting?

19 Mr. Nelson: Yes, I was with Mr. Harrison, where Mr. Nelson
20 and others were present at a meeting for political contributions.

21 Mr. Nelson: Was it about the time, I think in 1971, I
22 don't recall the date, I think it was in 1971.

23 Mr. Nelson: I don't know if there were any other in-
24 dividuals who were present at that time. I don't know if anyone
25 made any political contributions to anyone you, Mr. Harrison,
[6248]

1 Mr. Nelson. I am not sure if I am to be doing this.
2 I am not sure if I am to be doing this.

3 Mr. Nelson. He is not in 1971 for the president?

4 Mr. Nelson. (Now in the affirmative.)

5 Mr. Nelson. Has Mr. Harrison ever told you what was done
6 with that \$5,000 contribution?

7 Mr. Nelson. He has told me what he has been told and what
8 he has been asked about it, yes.

9 Mr. Nelson. Did he tell you what he did?

10 Mr. Nelson. Yes, he told me what he had done.

11 Mr. Nelson. What did he do with the contribution?

12 Mr. Nelson. I was never asked what he told me, yes, but
13 he never told me what he did. He told me that he had
14 given it to the National Lawyers Guild, or
15 something like that.

16 Mr. Nelson. Did he mention any relationship to Wagner and
17 the other of the contribution?

18 Mr. Nelson. No.

19 Mr. Nelson. He told me that.

20 Mr. Nelson. Well, that was in the newspapers.

21 Mr. Nelson. But what did you read in the newspaper?

22 Mr. Nelson. He told me that he had the check to the
23 National Lawyers Guild.

24 Mr. Nelson.

25 Mr. Nelson. Did he say that?

26 Mr. Nelson. He said that.

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Dr.

Vol. 1

The United States Senate

Report of Proceedings

Hearing held before

Select Committee on Presidential Campaign Activities

SENATE RESOLUTION 60 - GENERAL INVESTIGATION

C O N F I D E N T I A L

Friday, December 21, 1973

Washington, D. C.

WARD & PAUL
410 FIRST STREET, S. E.
WASHINGTON, D. C. 20003

(202) 544-6000

SSC 3/5/74

relations.

Mr. Weitz. Consultants of sorts?

Mr. Parr. Yes, sir. I do not know of any; maybe there were some, but I do not know of them. I have never heard of Wagner and Baroody.

Mr. Weitz. Do you recall any instance in which Mr. Harrison or Mr. Colson mentioned either a Mr. Baroody, or the firm of Wagner and Baroody?

Mr. Parr. No, sir.

Mr. Weitz. Are you familiar with a \$5,000 contribution, or a request for some additional contribution in late August, 1971 or early September, 1971 by Mr. Harrison from TAPE?

Mr. Parr. No, sir.

Mr. Weitz. Were you aware whether at the annual convention in 1971 anyone delivered a check to Mr. Harrison for a political contribution?

Mr. Parr. The first time I ever heard about that, Mr. Weitz, was in the newspaper.

Mr. Weitz. Did most of Mr. Harrison's requests go through someone other than yourself?

Mr. Parr. He had access to all of us.

Mr. Weitz. Were you aware at all of any discussions after the September contribution, that I have asked you about in 1971, concerning the adverse publicity relating to those contributions, those and earlier contributions?

1 Mr. Waite. Was there any connection, to your knowledge,
2 between the contribution on September 14, 1932, and the
3 appearance of the President at the annual convention?

4 Mr. Parr. Not that I know.

5 Mr. Waite. At the same time, however, you really have no
6 you stated you have no understanding or information as to the
7 background of that \$62,500 contribution?

8 Mr. Parr. I do not remember any September contribution.

9 Mr. Waite. So therefore, the fact that you know of no
10 connection between the two does not surprise you if there is any
11 connection?

12 Mr. Parr. I cannot imagine that there is any connection,
13 but --

14 Mr. Waite. Do you know the firm of Wagner and Barzday?

15 Mr. Parr. No, sir.

16 Mr. Waite. Were they ever retained or employed by AMPI?

17 Mr. Parr. I do not know anything about Wagner and Barzday.

18 Mr. Waite. Were you generally familiar with the public
19 relations firms in Washington that were hired by AMPI, so far as
20 to the extent that you knew which public relations firms
21 they had hired?

22 Mr. Parr. I do not know that we did any.

23 Mr. Waite. You did not know of any public relations
24 firms that had hired?

25 Mr. Parr. Well, no. The fact -- they were not public

1 relations.

2 Mr. Waite: Contributions of sorts?

3 Mr. Parr: Yes, sir. I do not know of any; maybe there
4 were some, but I do not know of them. I have never heard of
5 Wagner and Baroddy.

6 Mr. Waite: Do you recall any instance in which Mr. Harrison
7 or Mr. Colson mentioned either a Mr. Baroddy, or the firm
8 of Wagner and Baroddy?

9 Mr. Parr: No, sir.

10 Mr. Waite: Are you familiar with a \$5,000 contribution,
11 or a request for some additional contribution in late August,
12 1971 or early September, 1971 by Mr. Harrison from TAPES?

13 Mr. Parr: No, sir.

14 Mr. Waite: Were you aware whether at the annual conven-
15 tion in 1971 anyone delivered a check to Mr. Harrison for a
16 political contribution?

17 Mr. Parr: The first time I ever heard about that, Mr.
18 Waite, was in the newspaper.

19 Mr. Waite: Did most of Mr. Harrison's requests go through
20 someone other than yourself?

21 Mr. Parr: He had access to all of us.

22 Mr. Waite: Were you aware at all of any discussions about
23 the September contributions, that I have asked you about in
24 1971, concerning the adverse publicity relating to these contribu-
25 tions, known and called for contributions?

-DR

AFFIDAVIT OF JOSEPH BAROODY

I, JOSEPH BAROODY, being duly sworn, hereby depose and say:

Since 1970 I have been employed in the public affairs consulting firm of Wagner and Baroody, 1100 Seventeenth Street, N.W., Suite 712, Washington, D.C. The consulting services which my firm renders consist of representing clients affected by Federal Government actions.

From October, 1970, to January 1972, my firm was retained for consulting services by the Associated Milk Producers, Incorporated for a fee of \$2,500 per month. This consulting relationship was initiated with the assistance of the law firm of Reeves and Harrison of Washington, D.C., of which Marion Harrison, Esq. is a partner. I have met Mr. Marion Harrison on two or three occasions. Mr. Charles Colson, former special assistant to the President of the United States, was aware that my firm represented AMPI. It was my understanding that my firm was expected to look for ways in which we could advance the interests of AMPI. At no time, however, was I - or was any other person in my firm - connected in any way with, or aware of, any discussions between representatives of AMPI and the Administration concerning either milk price supports or possible contributions to the 1972 Presidential Campaign Fund.

Af 33 SSC 3/5/74

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DR

-2-

I have been personally acquainted with Mr. Charles Colson for several years. In the latter part of August or the first part of September, 1971, Mr. Colson telephoned me and told me that the White House had an urgent need for \$5,000 and he asked me to lend him this amount for a short period of time. He did not tell me why the money was needed. I gathered this sum together from my personal funds (\$1,500 to \$2,000) and from funds (\$3,000 to \$3,500) which had previously been given to me by Mr. Colson's office to use in preparing television responses to a Common Cause statement on ending the war in Southeast Asia. The next day I put \$5,000 in an unmarked envelope and took it to Mr. Colson's office in the Executive Office Building. Mr. Colson told me to take the money to an office and give it to a person whom I would find there. I went to the office I had been told to go to and gave the money to a man whom I did not know but whom I now believe to have been Egil Krogh, Jr.

Two or three weeks afterwards, I received another telephone call from Mr. Colson's office. I was told that I could be repaid by going to Mr. George Webster, Esq., an attorney whose office was on Jefferson Place, N.W., in Washington, D.C. At the time I was wholly unaware that Mr. Webster was engaged in fund raising activities in connection with the President's re-election effort. Soon after receiving the call, I went to Mr. Webster's

office. He was not in. I identified myself to a receptionist who went to a nearby desk, opened a drawer and pulled out an unmarked envelope which she handed to me. The envelope contained \$5,000 in cash.

In June of 1972, Mr. Colson called me on the telephone and told me that it appeared that the \$5,000 might have been used to finance the September 1971 break-in of the offices of Dr. Lewis Fielding, the psychiatrist of Dr. Daniel Ellsberg. The purpose of Mr. Colson's call was to establish the date of the loan so as to determine whether, in fact, the funds could have been used for that purpose.

In the Spring of 1972 I received \$22,000 from Mr. Colson's office to place advertisements in several major newspapers throughout the United States supporting President Nixon's military directives in entering the country of Cambodia. Subsequently, the advertising project was suspended and this money was returned by me to Mr. Colson's office. Thereafter, it was decided that the advertisements would be placed on a smaller scale and I was given approximately \$6,800 with which to defray the costs of the reduced program.

The instances referred to previously herein are the only ones in which I have received White House funds.

From August of 1971 to the Spring of 1972, I worked with

DR

-4-

a committee called "Citizens for a New Prosperity". Its function was to place advertisements and hold press conferences to build support for the economic policies embodied in the Economic Stabilization Act and Phases I and II. The Committee was bipartisan; its two principal officers were Hobart Lewis and former Treasury Secretary Fowler.

DATE: Jan 30, 1974 SIGNATURE Joseph Baroody

Subscribed and sworn to before me this 30th day of January, 1974.

My Commission expires

DATE: Sept. 14, 1976 Lila K. Terrell
Notary Public



The United States Senate

Report of Proceedings

Hearing held before

Select Committee on Presidential Campaign Activities

SENATE RESOLUTION 60 - GENERAL INVESTIGATION

C O N F I D E N T I A L

Tuesday, December 4, 1973

Washington, D. C.

WARD & PAUL
410 FIRST STREET, S. E.
WASHINGTON, D. C. 20003

(202) 544-6000

SSC 3/12/74

Retyped from indistinct original

81

Mr. Harrison. There was not any deadline.

Yes, that statement is inaccurate. I was not concerned about any deadline. There wasn't any deadline we were talking about back in 1971, not in 1972.

Mr. Weitz. I just have a few more questions.

Do you know who else in the White House was aware in 1971 besides perhaps Mr. Colson of contributions that were contemplated or were in fact made by the dairy trusts to the President's re-election?

Mr. Harrison. No, nor do I know as a fact that Mr. Colson was aware. I was rather surmising that he was. I do not know it as a fact.

Mr. Weitz. Do you know a Mr. Berutti, [sic], Joe Berutti? [sic]

Mr. Harrison. There are several Berutti [sic] brothers. There is one of them that used to be some kind of an assistant to Melvin Laird when Melvin Laird was at the Pentagon, and now is assistant to him at the White House. I met him one day at the White House three or four or five months ago.

Mr. Weitz. Do you know a Berutti [sic] who I believe is in private business in Washington, the consulting business in the name of the firm of Wagner and Berutti? [sic]

Mr. Harrison. I do not think I know that one. Conceivably, I could have met him at a cocktail party. I do not even think I have done that.

Mr. Weitz. Do you have any questions?

Retyped from indistinct original

Mr. Harrison. There was not any deadline.

Yes, that statement is inaccurate. I was not concerned about any deadline. There wasn't any deadline we were talking about back in 1971, not in 1972.

Mr. Weitz. I just have a few more questions.

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Mr. Harrison. No, nor do I know as a fact that Mr. Colson was aware. I was rather surmising that he was. I do not know it as a fact.

Mr. Weitz. Do you know a Mr. Berutti, Joe Berutti?

Mr. Harrison. There are several Berutti brothers. There is one of them that used to be some kind of an assistant to Melvin Laird when Melvin Laird was at the Pentagon, and now is assistant to him at the White House. I met him one day at the White House three or four or five months ago.

Mr. Weitz. Do you know a Berutti who I believe is in private business in Washington, the consulting business in the name of the firm of Wagner and Berutti?

Mr. Harrison. I do not think I know that one. Conceivably, I could have met him at a cocktail party. I do not even think I have done that.

Mr. Weitz. Do you have any questions?

16. Prior to February 1971 Haldeman directed Kalmbach to begin raising early money for the 1972 Presidential campaign. In early February 1971 Haldeman gave Colson permission to proceed with finding an outside man for handling funds from certain groups that Kalmbach did not want to be involved with. In a February 2, 1971 memorandum Haldeman told Colson to contact Republican Party Chairman Bob Dole regarding complaints that the milk producers were unable to work out a means of getting their activity going regarding their support. On February 8, 1971 Colson sent a memorandum to Haldeman saying that the problem involved a person who could handle outside support, that Haldeman and Kalmbach had been working on the problem, and that it was terribly important that Colson and people at the White House not be personally involved. In or before March 1971 Kalmbach, with Haldeman's approval, began to assist in the establishment of the Finance Committee to Re-elect the President.

-
- 16.1 Herbert Kalmbach deposition, Nader v. Butz, December 13, 1973, 4.
 - 16.2 Memorandum from Charles Colson to H. R. Haldeman, February 1, 1971 (received from White House).
 - 16.3 Memorandum from H. R. Haldeman to Charles Colson, February 2, 1971 (received from White House).
 - 16.4 Memorandum from Charles Colson to H. R. Haldeman, February 8, 1971 (received from White House).
 - 16.5 Letter from Herbert Kalmbach to Earl Silbert, June 1, 1973 (received from SSC).

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FILED

FEB 7 1974

JK
JAMES F. DREW, Clerk

RALPH NADER, et al.,

Plaintiffs,

vs.

Civil Action No. 148-72

EARL H. BUTZ, et al.,

Defendants,

DEPOSITION OF HERBERT WARREN KALMBACH, taken on
behalf of plaintiffs at 550 Newport Center Drive, Newport Beach,
California, commencing at 11:45 A.M. on Thursday, December 13,
1973, before VICKIE CRAWFORD, C.S.R., a Notary Public in and
for the State of California, pursuant to Stipulation.

REPORTED BY:

VICKIE CRAWFORD, C.S.R.

CRAWFORD DEPOSITION SERVICE
5440 Pomona Boulevard
Los Angeles, California 90022

A None whatsoever.

Q Okay. Mr. Kalmbach, when did you first have any activities in connection with the 1972 Presidential campaign?

(Discussion off the record.)

BY MR. DOBROVIR:

Q Did you have any responsibility for fund raising for the 1972 Presidential campaign of Richard Nixon?

A I did.

Q And could you tell us how you came to have that responsibility--who conferred that responsibility on you, if that is the way it happened.

A That responsibility was conferred on me, Mr. Dobrovir, on or about the first of January of 1971 by Mr. Haldeman.

Q What was Mr. Haldeman's role in this matter?

A He had no role as such. He asked me to undertake the assignment of obtaining pledges for financial support to the forthcoming 1972 campaign.

Q And in making that request of you, was he speaking for the President?

A He did not so state.

Q Did you assume that he was speaking for the President?

A I made no assumptions.

THE WHITE HOUSE
WASHINGTON

16.2 Charles Colson memorandum

February 1, 1971

EYES ONLY

MEMORANDUM FOR: H. R. HALDEMAN
FROM: CHARLES COLSON *WZ*
SUBJECT: Outside fund handling

001760

Herb Kalmbach tells me that he and you did not resolve the question of who should be the outside man handling funds from certain groups -- the area that Kalmbach does not want to be involved in.

I have some ideas of people that might do this for us; in fact, I have a very good man who would fill the bill provided a lawyer like Tom Evans could work with him on setting up the mechanics.

Please advise if you would like me to proceed with this or if you have other thoughts.

Proceed away

Bob Bennett

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

WH

CONFIDENTIAL

February 2, 1971

MEMORANDUM FOR: CHUCK COLSON
FROM: H. R. HALDEMAN *HH*

Bob Dole sent me a note at the Cabinet meeting regarding the milk producers and apparently he is being pressured by them. They have told him that they are unable to work out a means of getting their activity going regarding their support for us. Would you please get in touch with Dole and follow up on this?

001767

WH

WH

February 8, 1971

MEMORANDUM FOR:

H. R. HALDEMAN

FROM:

CHARLES W. COLSON

SUBJECT:

Your Memo of February 2

The note which Bob Dole gave you at the Cabinet meeting is the same problem I discussed with you in your office a few weeks ago.

We don't have anyone who can handle support for us from outside interest groups like the Milk Producers. Kalmbach tells me that you and he did not reach an agreement on this. I feel that it is terribly important that I not be personally involved (no one here should be).

001760

I do have a man locally who might take this assignment on with help from Tom Evans in New York. I am exploring it this week and if it works I will advise you; otherwise we perhaps should rethink the question of using Kalmbach in this area.

WH

KALMBACH, DeMARCO, KNAPP & CHILLINGWORTH

SUITE 900 • NEWPORT FINANCIAL PLAZA / 550 NEWPORT CENTER DRIVE

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 644-4111

DR

LOS ANGELES OFFICE
ATLANTIC RICHFIELD PLAZA
44TH FLOOR NORTH TOWER
515 SOUTH FLOWER STREET
LOS ANGELES, CALIFORNIA 90071
TELEPHONE (213) 690-2811

June 1, 1973

OF COUNSEL
JAMES R. KNAPP
WILLIAM R. MILLER



Earl J. Silbert, Esq.
Assistant U. S. Attorney
U. S. Court House - Third Floor
Constitution Avenue
Between 9th and 10th Streets, N.W.
Washington, D. C.

Dear Mr. Silbert:

For your information and for the file, I thought it might be helpful to your office in its investigation if I were to set out in writing a chronological narrative of what I have been involved in over the past few years (dating from December of 1968). I'll attempt to do that in this letter.

First, in either December of 1968 or in January or February of 1969 (after I had given Maury Stans a final turn-down on an offer that had been made to me to come to Washington as Undersecretary of Commerce), I met with Maury alone in his office at the 1968 Campaign Finance Committee Headquarters at 400 Park Avenue in New York, and at that time he asked me if I would agree to act as trustee for certain surplus funds that he said were left over from the 1968 campaign.

Maury told me that such surplus amount consisted of approximately \$1,098,000 in cash (which he said was surplus left over from the Primary period of the 1968 campaign -- he did not elaborate beyond that statement as to the source of the funds, nor, indeed have I ever learned of the original source of such funds). He said that W. Donald Brewer and J. Patrick Dugan, both of whom had been involved in the 1968 finance effort, either had taken or were about to take approximately \$733,000 of such funds to Washington for deposit in a safe deposit box in the Main Office of the Riggs Bank. Another \$365,000 would be deposited in the 410 Park Avenue branch of the Chase Bank in New York City.

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 2

DR

I told Maury that I would agree to act at trustee for these funds and that when I was next in Washington I would sign onto the box with Brewer and Dugan. I did so. My recollection as of this moment is not precise as to whether I was present when the box was opened or signed on a few days or about a week later -- my best memory is that I signed on after the box had been formally opened. Later, when both Brewer and Dugan went into the Government (Brewer as a member of the ICC and Dugan as Treasurer of the Export-Import Bank) -- Thomas W. Evans (managing partner of the Mudge, Rose firm in New York) and France M. Raine, Jr. (a real estate broker in Southern California) were substituted onto the box in the stead of Brewer and Dugan.

My records indicate that on April 4, 1969, Tom Evans and I opened the Chase box; and my recollection is that France was added as an additional signatory at a later date. We put \$365,000 into the box when it was opened.

In addition to the \$733,000 at the Riggs and the \$365,000 at the Chase (\$1,098,000 total cash), an additional \$570,000 (\$570,780.25 to be precise) was obtained (\$500,000 from surplus funds received from other states, \$50,000 from a contributor, and \$20,000 representing the surplus left over from the transition budget). The total amount was placed in a checking account under the name of The Public Institute, a voluntary association created under the laws of New York, at the National Bank of North America in New York City. Signatories on this checking account included Evans, Raine, and myself. This \$570,000 amount stayed in the North America account until early in February of 1972 at which time I directed Evans and Raine to disburse the entire balance amount to the Nixon Finance Committee at 1701 Pennsylvania Avenue in Washington (checks were written on the account and were directed to committees in Washington -- such checks being in multiples of \$30,000 per check for the reason that that was all of the committees that were in existence at the time). Thus, to sum up as to the \$570,000, a checking account was opened early in 1969 and there was no action in the account whatsoever until February of 1972 when the entire balance was disbursed to Nixon campaign finance committees in Washington.

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 3

As for the cash in the Riggs and in the Chase, I began making disbursements almost immediately. It was made clear to me at the outset by Maury that I was not to disburse any of the funds under my control without the express direction of Bob Haldeman. Later, when I met with Bob in his office at the White House or talked with him on the telephone, it was confirmed that I was only to disburse from such trust on his direction or on the direction of someone who was clearly standing in his shoes (Higby, Strachan, Chapin, etc.).

On June 10, 1969, I began paying polling bills (which polls had been ordered by the White House -- out of Bob Haldeman's office). As I recall it, Larry Higby was the person with whom I usually dealt in polling matters -- most of the polls being ordered through David R. Derge, who had a firm named Behavioral Research Associates in Bloomington, Indiana. Later, as I recall it, Derge moved to New Jersey and I recall the name "Chilton" in his statements (which name could have been present in the bills that he rendered when he was in Indiana). To the best of my recollection I probably paid out from trustee funds under my control between \$300,000 and \$400,000 for polling between June of 1969 and January of 1972.

Sometime around the middle of 1969, I began making disbursements to an Anthony T. Ulasewicz. As I recall it, Bob Haldeman, or one of his deputies had directed me to see John Caulfield (who was in the White House and whom I had known casually theretofore) and was told that Caulfield would arrange for me to meet Ulasewicz and that I was to make arrangements whereby I would begin paying him compensation at the rate of \$22,000 per year plus all of his expenses out of funds under my control. When I got back to California I asked my then secretary, (Mrs.) Marilyn Parent, to order printed checks from the Security-Pacific Bank branch in our Newport Beach office building and to open an account for the purpose of disbursing compensation and expenses to Ulasewicz. I began paying Ulasewicz around July 1st of 1969 and he was terminated on or about October 1st of 1971 at the direction of Haldeman, Ehrlichman, or one of the deputies. At no time during this period of employment from July, 1969, to October, 1971, was I ever aware or was I ever made aware of the nature and character of the investigative work being done by Ulasewicz.

DR

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 4

Early in 1970, I was asked by Haldeman (perhaps Ehrlichman as well) to undertake a program to raise funds for certain senatorial races. I recall having a goal figure of \$2,000,000, and that approximately \$2,800,000 was actually raised in that program which was under the over-all direction of Haldeman. Jack A. Gleason handled the administrative side of this effort in constant liaison with Harry Dent in the White House.

In about November of 1970 (immediately after the off-year elections), I was asked to begin an intensive program to raise early money for the forthcoming 1972 presidential campaign. In that connection, I agreed to talk to several hundred top prospects on a person-to-person basis and I was well into the program before the end of 1970.

Also, I agreed to lend a hand in setting up the initial staff for the finance office that was to be housed in Suite 272 of the 1701 Pennsylvania building in Washington. I recruited Hugh Sloan out of the White House (with Bob Haldeman's approval) and my recollection is that he started work as the finance chief of staff around the middle of March, 1971. Also, as I remember it, I advanced \$25,000 to Sloan and Harry Flemming as "seed money" for the Committee's operations in March of 1971. Later, this was returned to me together with other advances that I had made during this period. This total advance of approximately \$38,000 and the later reimbursal of the same amount (which I deposited in my accounts) occurred in early and in mid-1971, as I recall it.

Either in late August or early September of 1971, Dwight Chapin called me at my office in Newport Beach and told me that he had something to talk to me about and asked that I make it a point to see him the next time I was in the White House. I agreed and did in fact see him in his office in the West Wing of the White House about a week later. At that meeting Dwight told me that when he was at USC in the early 60's he had known a Donald H. Segretti and that Segretti had gone on to law school, had become a member of the California Bar, and had then gone into the Army. At the time I met Dwight, Segretti was a Captain and, as I remember it, was stationed at Fort Ord in Northern California.

DR

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 5

and assigned to the Judge Advocate General's Office. Dwight told me that "they" wanted Segretti to do some political work for an undisclosed period and asked that I disburse funds to Segretti as compensation for such work and, also, to disburse whatever other monies that he requested to cover his expenses. I said that I would meet Segretti in California and agreed, when Dwight asked me, to work out a mutually satisfactory compensation arrangement with him. A compensation rate of \$16,000 per annum was agreed upon with Segretti and it was settled that I would begin making disbursements to him on or about October 1st. It was at all times clearly understood that Segretti was not to report to me about his activities nor was he to account to me for his expenses. I, of course, reported this understanding to Chapin.

I thereafter asked my secretary to open a special checking account at the Security-Pacific Bank branch in Newport Beach. As I remember it, the first two checks that were given to Segretti were mailed to him in late September (one for two weeks compensation at the \$16,000 per annum rate and the other for \$5,000 representing an advance for expenses). We disbursed checks in this fashion over the next few months (with one additional \$5,000 expense check being written and the rest being compensation checks) until January when I was directed to terminate Segretti -- by Dwight Chapin or another one of Haldeman's deputies. At about that time I disbursed either \$20,000 or \$25,000 in cash to him (as he had requested) representing payment in full for what I understood to be his expenses to date. At no time did I understand what Segretti's responsibilities were in the campaign. He did not report to me -- nor did he account to me for his expenses in any way.

A meeting took place in early January of 1972 at which Haldeman, Ehrlichman, Stans and I were present. Stans was persuaded to resign from his post as Secretary of Commerce and to assume the responsibilities of Finance Chairman for the forthcoming Presidential campaign. Thereafter, I disbursed to the campaign finance committee all of the remaining funds. To recap, in early February I caused a total of \$233,802.86 in cash and \$681,234.82 in checks to be delivered to Hugh Sloan as Treasurer of the Campaign Finance Committee in Washington. From and after that point I no longer had any funds at all under my personal control.

Earl J. Silbert, Esq.
June 1, 1973
Page 6

Following the turning over of all of my balances to Hugh Sloan in early February, I personally prepared an eight or nine page accounting covering in precise detail the manner in which I had received and disbursed funds throughout the period of my trusteeship. I rendered that accounting to Maury some time in February or March, and asked that I be formally discharged from my trusteeship. I was so discharged.

At about the same time that I rendered my accounting I submitted detailed lists of the people I had seen over the past year or more and the precise figures as to amounts contributed and the current status of the outstanding and unpaid pledges (the report was broken down to show those people who had paid their pledges in full, a sheet showing those who had partially met their pledges, and another sheet that showed a number of people who had made pledges on which nothing had been received). These records were given to Maury Stans as the Finance Chairman. After all of these "base records" had been submitted and accepted by the finance office -- I directed my secretary to destroy all of my personal supporting records. This was done out of an abundance of caution to protect the donors. As I understood it at that time there was no law requiring me to maintain such personal and supporting records.

During the period from February of 1972 to April 7, 1972, I was directed from time to time by Haldeman or Mitchell or one of their deputies to obtain funds from Hugh Sloan which I would pass on to designated individuals for what I always understood was for campaign activities. For example, I recall, disbursing \$50,000 to an unnamed individual at the Mayflower Hotel (France Raine made the payment), disbursing \$50,000 to Maury as an advance on expenses, \$50,000 to John Caulfield, relatively small amounts to Bart Porter, etc. 2-3 mar. late - \$50,000 - 1972

Several days before April 7th, either Larry Highy or Gordon Strachan called and inquired of me as to the amount of cash then available for disbursement -- from cash under Sloan's control. I checked with Sloan and reported back that Sloan had \$350,000 in his safe in his office. I was next advised that Strachan would come over to the office and pick up the \$350,000. This Strachan did. Sloan

Earl J. Silbert, Esq.
June 1, 1973
Page 7

DR

had it in a briefcase and had put it in my office where Strachan picked it up. He only spent a few minutes in my office and then left with the case. It was my assumption that such was to be used for polling -- I did not know for certain the exact purpose in mind. I do recall that during the sixty-day period immediately prior to April 7, 1972, Higby called and asked that I arrange for a polling bill of some \$150,000 be paid by Sloan and, in that connection, Sloan was to make certain that the campaign organization itself not be advised that such a polling bill had been paid by the Finance Office. Such payment, as I remember it, was made by check and not in cash. This \$150,000 polling payment during that period was one of the reasons why I assumed at the time that the \$350,000 that Strachan had picked up from my office on or about April 5th would be used for polling charges.

Before I left the Finance Committee on April 7th, I had spoken to both Haldeman and Ehrlichman and they both concurred in my decision to resign as of the 7th -- that I had done my part over the previous fifteen months and that I should not continue on as Associate Chairman for the balance of the campaign. In sum, they indicated that I had done enough.

The Watergate:

On Saturday, June 17th, I first became aware of the break-in at the Watergate Headquarters of the Democratic National Committee when I read the morning's Los Angeles Times over breakfast coffee at home.

A short time thereafter occurred the so-called Martha Mitchell incident: Much has been written about this unfortunate occurrence from which it could be inferred that Mrs. Mitchell was treated in a rough, if not brutal fashion -- so as to suppress communications with the media. I have no desire to make critical statements about a lady. Therefore, let me simply state that on Friday morning, June 23rd, I was requested by John Mitchell (as a personal favor to him) to go over to the Newporter Inn where Mrs. Mitchell was staying -- and give aid to her. This I did.

DR

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 8

On or about June 28, 1972, I flew to Washington in response to an urgent call from John Dean, who told me that it was a matter of highest priority that I get back to Washington to take on an assignment. As I recall it, when I got there I called John at his office in the EOB and asked if he wanted me to come to his office. He said "no" -- that it would be easier if I met him in front of the Hay-Adams. The Hay-Adams is about half-way between the EOB and the Statler-Hilton where I was staying and I thought little about it. I then walked over and met Dean and we talked. In that conversation he told me that it was necessary that I raise funds to underwrite attorneys fees for the men that had been arrested in the Watergate break-in and to provide support for their families during this period. He may have also said that some of the funds would be used to provide bail money. Coming as this did from someone whom I trusted, who was the President's Special Counsel -- and who very clearly was carrying out orders -- I did not hesitate, and accepted his directive without question. It seems to me that I did wonder aloud as to whether it might not be better that a defense fund organization be organized to go to the public for funds. My recollection is that he was not particularly favorably inclined towards the idea -- saying something to the effect that such an effort might be misinterpreted by the press and that, in any event, the need was such that we had to move promptly to provide the funds required. He gave me the impression that my help would be required only on a one-shot basis and indicated that approximately \$100,000 would be needed. Also, I recall that he suggested that I use Ulasewicz (whom I had not been in touch with since his October 1971 termination). In addition, Dean gave me the admonition that this entire funding operation was to be absolutely secret -- again making the point that if it became known that we were helping these people, such might be misinterpreted. I was advised that Fred LaRue would work with him (Dean) in giving me the instructions needed to get the funds to the people involved.

I next contacted Maury Stans on June 29th and advised him that I had just been given a special assignment by the White House; and that pursuant to this assignment I was requesting him to bring me whatever amount of cash he had available -- up to \$100,000. He then brought to me \$75,100 in cash.

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 9

I told Maury that I could not tell him the nature of my assignment or the purpose for which the funds would be used -- but I assured him that I had the authority for making my request and that the assignment was perfectly proper.

I thereafter made contact with Anthony Ulasewicz (June 30th) and asked that he come down to Washington. He did so and I gave him the cash funds obtained from Stans and advised him to take it back to New York to hold for later distribution in accordance with special directions which I was to receive from either Dean or LaRue. I then returned to California.

Over the next several days there were many telephone calls back and forth -- I don't remember whether I was dealing with Dean or LaRue in getting my orders but whichever one it was would give me explicit directions. These directions would be given to me and then relayed to Ulasewicz. I had told Ulasewicz that this assignment was to be carried out in absolute confidentiality and it was agreed that we would use telephone booths and take every precaution to avoid having the operation become known to the opposition for the reason that it might have an adverse effect on the campaign. We used verbal shorthand to describe certain of the people involved (I, for example, remember that we called Hunt "the writer" and Mrs. Hunt, "the writer's wife". The list of people and the amounts that each were to be given was characterized as either a play or a script. Ulasewicz used several aliases, including "Rivers" in his contacts. These were developed between ourselves in the course of our many telephone calls and they were then given to Dean or LaRue -- who had asked for them inasmuch as they were needed to be given to the people that Ulasewicz would be contacting. Almost all of these calls were made from telephone booths. It was all very much a 007 atmosphere and wholly foreign to my background and experience.

Next, I recall that LaRue gave me approximately \$30,000 in cash in John Dean's office some time in July. This amount was given to Ulasewicz in Washington (at his room in the Statler).

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 10

Sometime in mid-July I recall that John Dean again approached me and said that it was critical that additional funds be provided. At this point I realized that I would have to go to an outside contributor for the first time. What with the mounting press coverage that was beginning to raise questions in my mind and, in particular, the extreme secrecy procedures that I had been instructed to follow -- I resolved that I should confirm John Dean's authority with his immediate superior in the White House, John Ehrlichman. Thereafter, I arranged to meet with Ehrlichman in his office in the White House (my best guess is that the meeting took place on July 26th). At that meeting which was held behind closed doors with just the two of us present, I reviewed the circumstances of the assignment (which assignment Ehrlichman indicated that he was fully aware of); and then I asked Ehrlichman to confirm that Dean had the requisite authority to direct me to undertake such activity. In response, Ehrlichman told me that Dean did have the authority to give me the order; and that the purpose and the propriety was not to be questioned. My recollection is that my decision to see Ehrlichman at that time was based on several factors: I had known him over a period of ten years and respected him for his personal character and integrity; Ehrlichman and Haldeman had agreed that I was not to have any further involvement in fund raising after April 7th (Dean's order was therefore in direct conflict with that understanding); and, finally, that Ehrlichman had been Dean's predecessor as Counsel to the President and was in fact Dean's superior in the White House. For all of these reasons it seemed appropriate that I get direct confirmation as to this assignment. And, to repeat again -- I was becoming increasingly concerned about the 007 aspects of the assignment -- particularly the covert and clandestine manner in which I was required to operate. Finally, -- and this I vividly recall -- I said something to the effect that "...John, we're good friends. You know my wife and my family. I know Jeanne and your family. You know that my family and my reputation are the most important things in the world to me -- therefore, I must ask you to tell me that this assignment is proper and must be carried out." He replied to the effect that the order was fully reconfirmed and closed his comments and the meeting by stating words to the effect that "...they'll have

DR

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 11

our heads in their laps". I construed all of those comments together to mean that the operation was authorized, that it was proper, and that the secrecy was necessary or the opposition might make press capital of our assistance to these people -- and that the campaign could thus be jeopardized.

It is also my recollection that at that meeting I told Ehrlichman that I planned to approach Thomas V. Jones, President and Chairman of Northrop Corporation, in California -- and that I did not want to do so unless I was assured that the undertaking was wholly proper.

Following this meeting, I returned to California and, within a week or so, called Jones at his office in Los Angeles. A meeting was arranged at Jones' office and he gave me a package which he believed contained \$50,000 cash. When I got home, I opened the package and counted the money and found that instead of \$50,000 I had received \$75,000. I counted the money four or five times because I could not believe there had been a \$25,000 mistake. I told my wife about it and finally telephoned Jones about 10:00 that evening from a Union Oil Company service station on 17th Street near my home and told him of my count. At first he said that he was sure that I was wrong and that he was certain that he had given me \$50,000. Finally, after I repeated myself several times and told him that I wanted to return the \$25,000 the next day, he told me to keep the entire amount and "...credit it towards my earlier stated goal amount".

Tom Jones was not advised of the purpose for which these funds were to be employed.

Jones' \$75,000 was then turned over to Ulasewicz -- who had flown out to California from New York for that purpose. Within a short period of time thereafter, it is my recollection that I advised Ehrlichman of Jones' contribution.

Also, I recall one additional receipt of funds. It was sometime in August when LaRue gave me approximately \$30,000 or \$40,000 in cash either in Dean's office or in his office at 1701 Pennsylvania.

DR

Earl J. Silbert, Esq.
June 1, 1973
Page 12

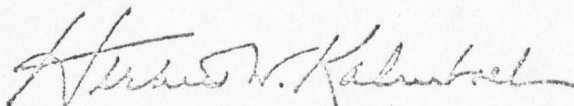
After I received the second amount from LaRue, I did not obtain any additional funds for this assignment. All told, my best recollection is that I obtained between \$210,000 and \$230,000 from three individuals during the two-month period (\$75,100 from Stans, \$75,000 from Jones, and the balance from LaRue). These funds were routed to the people that were specifically designated by either Dean or LaRue.

While I was continually urged to obtain more funds -- I advised both Dean and LaRue that it would not be possible for me to raise any additional funds.

The last time I recall that I was directly approached to raise more funds in this project was on January 18, 1973, when Dean asked me to attend a meeting scheduled in Mitchell's office. This requested meeting immediately followed the adjournment of the Annual Meeting of The Richard Nixon Foundation being held that afternoon at Blair House. I recall that Dean and I went over to Mitchell's office at 1701 Pennsylvania Avenue around 4:00 or 4:15 p.m. and that we met with Mitchell and LaRue in Mitchell's law office. I remember that I was in attendance for about ten minutes before I excused myself to attend another meeting that had been scheduled for 5:00 p.m. From my best recollection, the main point discussed at the meeting was the matter of where additional funds could be raised. I advised one and all that I could not do more and thereupon excused myself. As I have stated earlier in this letter, I had made up my mind in August or September to do nothing more and to make it clear that I would do no more.

Mr. Silbert, with regard to my involvement in these funds to the Watergate individuals -- I can only say that at that time -- it was totally implausible for me to believe that I would be asked to participate in any improper activity by men who occupied the number two and three positions in the White House...and with the awareness these gentlemen had of my position as the President's personal attorney.

Very sincerely yours,



Herbert W. Kalmbach

HWK/ah

17. On February 2, 1971 Colson sent a memorandum to Haldeman's assistant Lawrence Higby stating that the milk producers were prepared to contribute \$100,000 for tables at a Republican dinner and that the only trick would be to be certain that the White House got credit for this against the sums it was expected to raise. Higby noted on the memorandum, "OK."

17.1 Memorandum from Charles Colson to Larry Higby,
February 2, 1971 (received from White House).

75-10120
THE WHITE HOUSE
WASHINGTON

EEES ONLY

Colson
OK
LH
February 2, 1971

MEMORANDUM FOR LARRY HIGBY

17.1 Charles Colson memorandum

As I understand it, we owe the National Committee approximately \$150,000 originally committed from Mulcahy. My feeling, as you know, is that we should not go back to Mulcahy.

The Milk Producers are prepared to buy 10 tables to the Committee Dinner (\$100,000). The National Committee could be advised in advance that this is part of the money we owe. The only trick would be to be certain that we got credit for this against the sums they expect us to raise.

Please let me know.

001754

Charles W. Colson
Charles W. Colson

18. Between February 2, 1971 and February 16, 1971 Haldeman, Ehrlichman, Colson and other White House officials approved plans for the President to meet with dairy industry leaders. In a memorandum approving the proposal for the meeting Colson stated that the President said he wanted to do this and should.

- 18.1 Memorandum from Dave Parker to Chuck Colson and John Whitaker, February 2, 1971 (received from White House).
- 18.2 Memorandum from Dave Parker to John Ehrlichman, February 4, 1971 (received from White House).
- 18.3 Schedule Proposal from David Parker for the President, February 16, 1971 (received from White House).

Dave Parker memorandum to Chuck Colson
and John Whitaker, February 2, 1971
Retyped from indistinct original

THE WHITE HOUSE

WASHINGTON

February 2, 1971

MEMORANDUM FOR:

✓ Chuck Colson
John Whitaker

FROM:

Dave Parker

RE:

Leaders of dairy industry

Secretary Hardin has put forth a proposal that the President
meet with the various national leaders of the dairy industry.
What would be your recommendation in this regard?

Approve _____
Disapprove _____

reason:

The President said he wanted to
do this -- and should -- I should
be included in the meeting for
special political reasons

Thanks.

Retyped from indistinct original

February 2, 1971

001186

MEMORANDUM FOR

✓ Chuck Colson
John Whitaker

FROM:

Dave Parker

RE: Leaders of dairy industry

Secretary Hardin has put forth a proposal that the President meet with the various national leaders of the dairy industry. What would be your recommendation in this regard?

approve ☒

disapprove ☐

reason:

WH

Thanks.

The President said he
wished to do this -
and should - I should
be included in the meeting
for special political reasons

David Parker memorandum to John Erlichman,
February 4, 1971

Retyped from indistinct original

MEMORANDUM

THE WHITE HOUSE

Washington

February 4, 1971

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Dave Parker

RE: Leaders of Dairy Industry

Secretary Hardin has sent a memo concerning the President's expressed interest in meeting with leaders of the dairy industry (attached). Colson and Whitaker strongly recommend the President meet with the group on the attached list.

Do you concur? No objection

THE WHITE HOUSE

Washington

Date: 1/27/71

To: C

From: Bruce Kehrli

H has not seen -

Please handle
B.

Retyped from indistinct original

THE WHITE HOUSE

WASHINGTON

14

February 4, 1971

#10

001183

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Dave Parker

RE: Leaders of Dairy Industry

Secretary Hardin has sent a memo concerning the President's expressed interest in meeting with leaders of the dairy industry (attached). Colson and Whitaker strongly recommend the President meet with the group on the attached list.

Do you concur?

No objectionTHE WHITE HOUSE
WASHINGTON

Date:

1/27/71

To: C

From:

Bruce Kehrli

H has not seenPlease handle

B

David Parker memorandum,
February 16, 1971, 1-2

Retyped from indistinct original

THE WHITE HOUSE

WASHINGTON

February 16, 1971

SCHEDULE PROPOSAL

FROM: David N. Parker

VIA: Dwight L. Chapin

MEETING: Leaders of the dairy industry

DATE: open

PURPOSE: To enhance agriculture's support of Administration programs; and, because the President said he wanted to do this in his telephone message to the American Milk Producers Conference last September, as well as when meeting with Messrs. Nelson and Parr he stated he would meet with the leaders again.

PRESIDENTIAL PARTICIPATION

-Cabinet Room
-18 attending (list attached) plus Secretary Hardin
-half hour meeting

approve H disapprove

Coverage:

To be announced

approve H disapprove
approve H disapprove

STAFF: John Whitaker

RECOMMENDATIONS

In Favor

Chuck Colson
John Ehrlichman
Murray Chotiner
Secretary Hardin
John Whitaker

Colson - "The President said he wanted to do this and should".

Retyped from indistinct original

David Parker memorandum,
February 16, 1971, 1-2

Retyped from indistinct original

Page Two
Dairy Industry

Chotiner - "Substantial support coming from this group".

Whitaker - "The President committed himself".

BACKGROUND: Secretary Hardin urges this meeting be held. He says that last fall at the time of the convention of the Associated Milk Producers, he talked with the President on the phone and the President extended an invitation to key members of the dairy industry to meet with him.

FOLLOW UP:

Colson says the Dairy industry has a good PR program and this meeting will be exploited widely in the dairy industry.

and farm

Retyped from indistinct original

THE WHITE HOUSE
WASHINGTON

001190

February 16, 1971 18.3 David Parker schedule
proposal

SCHEDULE PROPOSAL

FROM: David N. Parker

VIA: Dwight L. Chapin

MEETING: Leaders of the dairy industry

DATE: open

PURPOSE: To enhance agriculture's support of Administration programs; and, because the President said he wanted to do this in his telephone message to the American Milk Producers Conference last September, as well as when meeting with Messrs. Nelson and Parr he stated he would meet with the leaders again.

PRESIDENTIAL PARTICIPATION

-Cabinet Room

-18 attending (list attached) plus Secretary

-half hour meeting

approve ☒

disapprove ☐

Coverage:

To be announced

Photo opportunity

approve ☒

disapprove ☐

approve ☒

disapprove ☐

STAFF: John Whitaker

RECOMMENDATIONS

In Favor

Chuck Colson

John Ehrlichman

Murray Chotiner

Secretary Hardin

John Whitaker

Colson - "The President said he wanted to do this and should".

Chotiner - "Substantial support coming from this group".

Whitaker - "The President committed himself".

BACKGROUND: Secretary Hardin urges this meeting be held. He says that last fall at the time of the convention of the Associated Milk Producers, he talked with the President on the phone and the President extended an invitation to key members of the dairy industry to meet with him.

FOLLOW UP:

Colson says the Dairy industry has a good PR program and this meeting will be exploited widely in the dairy industry.

and for

001191

WH

19. Beginning in early 1971 dairy cooperative representatives undertook intense lobbying efforts in Congress to enact legislation requiring a milk price support level of between 85% and 90% parity. On February 10, 1971 Speaker Carl Albert, Congressman Wilbur Mills, and Ranking House Ways and Means Committee member John Byrnes met in Speaker Albert's office with AMPI officials Harold Nelson and Dave Parr, USDA Congressional liaison head William Galbraith, and Counsel to the President for Congressional Relations Clark MacGregor. On March 4, 1971 Congressman Mills telephoned OMB Director George Shultz and on March 10, 1971 Speaker Albert telephoned Shultz to urge an increase in milk price supports. During late February and March, 88 Members of Congress wrote or wired the Department of Agriculture urging an increase in milk price supports to 90% of parity. Ten other Members sought an increase to at least 85% of parity, while 44 Members forwarded constituent requests which sought increases to various levels. Between March 16 and March 25, 1971 approximately 28 bills were introduced in the House of Representatives and two in the Senate to increase the minimum level of milk price supports to at least 85% of parity.

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- 19.1 White House "White Paper," The Milk Support Price Decision, January 8, 1974, 2-3, 14-16.
 - 19.2 Harold Nelson testimony, SSC Executive Session, December 18, 1973, 117-20.
 - 19.3 Memorandum from George Shultz to John Ehrlichman, March 4, 1971 (received from White House).

- 19.4 Memorandum from Edward Schmults to Messrs. Hamilton and Sanders, November 27, 1973 (received from SSC).
- 19.5 Memorandum from Clark MacGregor to John Ehrlichman and George Shultz, March 5, 1971, 1-2 (received from White House).
- 19.6 Memorandum from Bill Gifford to the Director [George Shultz], March 9, 1971 (received from White House).

Note: The Committee has received from the White House copies of congressional correspondence to USDA referred to above. The figures referred to above were compiled by the Impeachment Inquiry staff on the basis of those correspondence.

JANUARY 8, 1974

Office of the White House Press Secretary

THE WHITE HOUSEThe Milk Support Price Decision

During the spring of 1971, Secretary of Agriculture Clifford Hardin announced that certain dairy products would be supported by the Federal Government at 80 percent of parity during the 1971-72 marketing season. Subsequently, under heavy pressure from the Congress to increase supports and after consultation with his senior advisers, the President reconsidered and requested the Secretary to raise the price support level for the coming year to 85 percent of parity.

Because the President also met with dairy leaders during this same period and because campaign contributions were given to his re-election effort during 1971, there have been charges in the media and elsewhere that the President's actions on price supports were the result of promises from the dairy industry to contribute to the 1972 Republican Presidential campaign. These allegations are unsupported by evidence and are totally false.

I. The Decisions of March, 1971.

The decision announced each year by the Secretary of Agriculture of the price at which the Government will support milk prices has a significant impact on the Nation's dairy farmers. In 1970, Secretary Hardin had announced that for the marketing year running from April 1, 1970 through March 31, 1971, the Government would support manufacturing milk at \$4.66 per 100 pounds, or at 85 percent of parity. This figure represented an increase of 38 cents and an increase of 2 percent of the parity rate over the year before (1969-1970).

As the 1971-72 marketing season approached, the question within the Government was whether to continue supporting the milk price at \$4.66 per 100 pounds or to raise the price. Because a grain shortage and other factors had increased the costs of production for dairy farmers, a continuation of the \$4.66 price meant that the parity rate would actually fall to approximately 80 percent. To the farmers, a drop in parity rate would result in a possible loss of income which in turn could deter production. The farmers therefore advocated an increase in the price support to \$5.21 per 100 pounds, or 90 percent of parity; at the very least, they argued, the Government should raise the price to \$4.92 per 100 pounds and thereby maintain the current parity rate of 85 percent. At the Department of Agriculture, it was feared that such price increases might encourage excess production on the farms, raise the prices of dairy products for consumers, and ultimately force the Government to purchase the surplus products.

The dairy industry, which had become highly organized in the 1960s, moved to exert maximum, direct pressure on the Secretary of Agriculture in early 1971. In a few weeks, over 13,000 letters from milk producers were received by the Department of Agriculture.

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At the same time, the dairy industry worked to achieve its objectives indirectly through Members of the Congress who agreed with industry views. The upper Midwestern affiliate of the Associated Milk Producers, Inc. (AMPI) estimated that its members alone sent some 50,000 letters to Congressmen on the subject of milk supports. Between February 23 and March 12, 1971, some 25 Senators and 65 Congressmen wrote the Secretary of Agriculture to urge that the \$4.66 support price be increased. Some twenty Senators and 53 Representatives indicated that they wanted to see the price raised to a full 90 percent of parity (\$5.21 per cwt.). Four Senators and eight Representatives adopted a more restrained position, asking that the price be raised to at least 85 percent of parity (\$4.92).

Some of the letters openly referred to the fact that spokesmen for the dairy cooperatives -- AMPI, Dairymen, Inc., or their affiliates -- had written or called upon the Congressmen to ask for support. A number of letters were apparently drafted by lobbying groups.

Many of the Members also took to the floor of the House and Senate to express their concern:

On March 1, Congressman Robert W. Kastenmeier (D., Wis.) rose to tell his colleagues: "We need your assistance in persuading the Administration to raise dairy price supports to 90 percent of parity . . ." (Congressional Record, p. 4310). His sentiments were echoed by Congressman Les Aspin (D., Wis.).

After March 7, when the Associated Press reported that Secretary Hardin might raise the support level to 85 percent of parity, Senators Hubert Humphrey (D., Minn.), Vance Hartke (D., Ind.), Walter Mondale (D., Minn.), and Fred Harris (D., Okla.), as well as Congressmen Ed Jones (D., Tenn.), Robert McClory (R., Ill.), and Vernon Thomson (R., Wis.), all made floor speeches in favor of a 90 percent level.

On March 8, Congressman William Steiger (R., Wis.) entered into the Congressional Record a letter he had sent to Secretary Hardin calling for 90 percent parity.

On March 9, both Senators Hartke and Humphrey called again for the 90 percent level.

On March 10, Congressman Jones argued that even 90 percent would not be a "decent return," but "it would certainly help." Mr. Jones urged the Department of Agriculture not to "sit idly by and watch our dairy industry decline into oblivion. Unless dairy price supports are set at a level high enough to guarantee 90 percent of parity, that is exactly what we are inviting." (Congressional Record, pp. 5956-57). Senator Mondale again called for the 90 percent level.

On March 11, Congressman Thomson repeated his call for a 90 percent decision.

While their colleagues were marshalling support in open floor speeches, senior Democratic leaders in the Congress were expressing their concerns privately to representatives of the Administration. On February 10, the Chairman of the House Ways and Means Committee, Wilbur Mills, (D., Ark.), arranged a meet[ing] 16311

in the office of Speaker Carl Albert (D., Okla.) to discuss the dairy issue. Representatives of the dairy industry had apparently asked for the meeting to plead their case. In attendance were Harold Nelson and David Parr from AMPI; Congressman Mills, Albert and John Byrnes (R., Wis.); William Galbraith, head of Congressional liaison for the Department of Agriculture; and Clark MacGregor, then Counsel to the President for Congressional Relations.

The Congressional leaders continued to make their views known in several private conversations thereafter. According to Mr. MacGregor's records, Congressman Mills urged him on at least six occasions in late February and early March to urge the President to raise the support price. Congressman Mills and Speaker Albert also telephoned the Director of the Office of Management and Budget, George Shultz, with the same request. Mr. Shultz sent a memorandum to John Ehrlichman at the White House indicating the substance of the Mills request for a rise in the support level.

Nevertheless, on March 12, Secretary Hardin announced that the price support for the coming year would be approximately 80 percent of parity -- not 90 percent as the dairy industry wanted. The Secretary's announcement acknowledged that some dairymen believed that the support price should be increased. But, he said, higher support prices might lead to excessive supplies and large surpluses. Mr. Hardin believed his action was "in the long-term best interests of the dairy producers."

Immediately following the Agriculture Department announcement of March 12, 1971, a campaign was initiated on Capitol Hill by both Democrats and Republicans for mandatory legislation to increase the parity level to 85 or 90 percent. Thirty separate bills were introduced in the House of Representatives between March 16th and March 25th with this specific goal in mind. One hundred and twenty-five Members of the House of Representatives introduced or co-sponsored legislation to support the price of manufacturing milk at a level of not more than 90 percent nor less than 85 percent. In other words, 85 percent would be an absolute floor for price supports. Of these Representatives, 29 were Republicans and 96 were Democrats. Two Congressmen, one from each side of the aisle, also introduced legislation for a mandatory level of 90 percent of parity.

In the Senate, 28 Senators, led by Democratic Senator Gaylord Nelson of Wisconsin, introduced legislation on March 16, 1971, that would have required support levels at a minimum of 85 percent of parity. Of the Nelson bill sponsors, one was a Republican (Senator Cook of Kentucky) and 27 were Democrats (Senators Allen, Bayh, Burdick, Bentsen, Cranston, Eastland, Eagleton, Fulbright, Gravel, Hart, Harris, Hollings, Hartke, Hughes, Inouye, Long, Mondale, McGee, McGovern, Muskie, Noss, Nelson, Proxmire, Sparkman, Stevenson, Symington, Tunney). Three days later, Senator Hubert Humphrey sponsored his own bill seeking higher parity.

Philosophically, the Nixon Administration had hoped to gradually move away from Federal policies which provide massive subsidies to agriculture. These subsidies had initially been instituted during the Depression years when the Government undertook a variety of measures to ease the plight of the farmers and to give them some degree of economic stability

more

1971 CONGRESSIONAL BILLS ON DAIRY PRICE SUPPORTSHOUSE OF REPRESENTATIVES

The following bills are substantially identical to each other:

<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	H.R. 6188	Smith (D-Iowa) Edmondson (D-Okla) Hungate (D-Mo) Roush (D-Ind) Jones (D-Tenn) Teague (D-Tex) Steiger (R-Wis) Burton (D-Calif) Hamilton (D-Ind) Griffin (D-Miss) Burleson (D-Tex) Burlison (D-Mo) Fraser (D-Minn) Ullman (D-Ore) Shipley (D-Ill) Randall (D-Mo) Price (D-Ill) Kuykendall (R-Tenn)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/17/71	H.R. 6248	Roncalio (D-Wyo)	"
3/17/71	H.R. 6249	Smith (D-Iowa) Poage (D-Tex) Patman (D-Tex) Sisk (D-Tex) Obey (D-Wis) Sikes (D-Fla) Steed (D-Okla) Culver (D-Iowa) Kyl (R-Iowa) Bergland (D-Minn) Abbitt (D-Va) Abourezk (D-S.Dak) Kastenmeier (D-Wis) Fascell (D-Fla) Broyhill (R-N.C.)	"
3/17/71	H.R. 6250	Smith (D-Iowa) Casey (D-Tex) Hansen (D-Wash) Shriver (R-Kan) Pickle (D-Tex) Pryor (D-Ark) Blanton (D-Tenn) Flowers (D-Ala) Fulton (D-Tenn) Hammerschmidt (R-Ark) Wright (D-Tex) Aspin (D-Wis) Thone (R-Nebr) Daniel (D-Va) Dorn (D-S.C.) Fisher (D-Tex) Edwards (D-La)	"

<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/17/71	H.R.6289	O'Konski (R-Wis)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/18/71	H.R.6412	Zwach (R-Minn)	"
3/18/71	H.R.6425	Harvey (R-Mich)	"
3/18/71	H.R.6443	Smith (D-Iowa) Abernethy (D-Miss) Stubblefield (D-Ky) Purcell (D-Tex) Matsunaga (D-Hawaii) Vigorito (D-Pa) Denholm (D-S.Dak) Martin (R-Nebr) Roberts (D-Tex) Halpern (R-N.Y.) Zablocki (D-Wis) McFall (D-Calif) Montgomery (D-Miss) Johnson (D-Calif) Schwengel (R-Iowa) Anderson (D-Tenn) Watts (D-Ky) Perkins (D-Ky) Riegle (R-Mich) Whitehurst (R-Va)	"
3/23/71	H.R.6534	Hull (D-Mo)	"
3/23/71	H.R.6553	Natcher (D-Ky)	"
3/23/71	H.R.6559	Quillen (R-Tenn)	"
3/23/71	H.R.6619	Gross (R-Iowa) Scherle (R-Iowa) King (R-N.Y.) Hall (R-Mo)	"
3/23/71	H.R.6621	Jones (D-N.C.) Preyer (D-N.C.) Henderson (D-N.C.) Taylor (D-N.C.) Lennon (D-N.C.)	"
3/23/71	H.R.6632	Long (D-La)	"
3/23/71	H.R.6635	McMillan (D-S.C.)	"
3/23/71	H.R.6647	Sebelius (R-Kan)	"
3/23/71	H.R.6650	Stratton (D-N.Y.)	"

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/23/71	H.R.6657	Young (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/24/71	H.R.6683	Evans (D-Colo) Aspinall (D-Colo)	"
3/24/71	H.R.6691	Hastings (R-N.Y.)	"
3/24/71	H.R.6701	Landrum (D-Ga) Stephens (D-Ga) Brinkley (D-Ga) Stuckey (D-Ga) Thompson (R-Ga) Mathis (D-Ga)	"
3/24/71	H.R.6712	Thompson (D-N.J.)	"
3/24/71	H.R.6727	Nichols (D-Ala)	"
3/25/71	H.R.6746	Andrews (D-Ala)	"
3/25/71	H.R.6753	Duncan (R-Tenn)	"
3/25/71	H.R.6785	Pryor (D-Ark) Bingham (D-N.Y.) Leggett (D-Calif) Mahon (D-Tex) Melcher (D-Mont) Baker (R-Tenn) Duncan (R-Tenn) Myers (R-Ind) Hillis (R-Ind) Hanley (D-N.Y.) Galifianakis (D-N.C.) Brasco (D-N.Y.) Collins (D-Ill) Alexander (D-Ark) Kee (D-W.Va) Gallagher (D-N.J.) Gonzalez (D-Tex) Begich (D-Alaska) Kyros (D-Maine)	"

The following bills are identical:

3/18/71	H.R.6357	Abbitt (D-Va)	To support the price of milk at 90% of the parity price through purchases of milk and milk products.
3/22/71	H.R.6502	Thomson (R-Wis)	"

The United States Senate

Report of Proceedings

Hearing held before

Select Committee on Presidential Campaign Activities

SENATE RESOLUTION 60 -- GENERAL INVESTIGATION

CONFIDENTIAL

Tuesday, December 18, 1973

Washington, D. C.

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WARD & PAUL
410 FIRST STREET, S. E.
WASHINGTON, D. C. 20003

(202) 544-6000

with Mr. Colson.

Mr. Weitz. Did you meet with all of those individuals?

Mr. Nelson. Yes.

Mr. Weitz. Who was present at those meetings?

Mr. Nelson. The various people.

Mr. Weitz. Was Mr. Parr generally present at those meetings?

Mr. Nelson. Generally, yes.

Mr. Weitz. Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. Mr. Hillings? Was Mr. Hillings present at all those meetings?

Mr. Nelson. Mr. Hillings may have been present one time when we met with Secretary Hardin, I don't really recall that he was, but I don't believe he was ever present when we met with any of these other people.

Mr. Weitz. And at these meetings, you presented various dates to them with respect to the position of the dairy co-ops?

Mr. Nelson. What you might call, mostly unwritten views [unreadable] and arguments, and also some written papers on the subject.

Mr. Weitz. And did you, during this period late 1970, the first several months of 1971, mount an effort or organize to obtain Congressional support?

Mr. Nelson. Yes, we did.

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Mr. Weitz. How did you go about doing that?

Mr. Nelson. Well, the Congressional effort, you understand, wasn't an AMPI effort alone. This was an effort that I would say the nearest thing to what you might call at least figuratively speaking, the head of this was the National Milk Producers Federation which enlisted the aid of its -- or attempted to enlist the aid of all of its members.

The prime movers in this effort, I would say, were AMPI, Mid-America, and Dairymen, Inc. Those were the prime movers. We also had, as I recall, one prime opponent to it, initially, and that was another cooperative Land-O-Lakes, which is legally a cooperative, but has a different philosophical approach to the whole thing than these other marketing groups. And so this support was pretty wide-spread throughout the United States, as far as dairy cooperatives were concerned.

And their members, or representatives, would call on their respective Congressmen and Senators asking them to co-author a bill setting the supports at 90 percent.

Mr. Weitz. Now what time period are we talking about? The first decision by the Secretary of Agriculture, not raising price supports, was March 12. Would you have begun this effort let's say a month or two months before that time?

Mr. Nelson. I would say at least that.

Mr. Weitz. At least a month or two months?

Mr. Nelson. At least that.

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Mr. Nelson. So it would be fair to say that throughout the early part of 1971, the first two and a half, three months of 1971, you were meeting both with representatives of the Administration, and also with the various Congressmen and so forth, to obtain their support, in contacting whoever they felt was appropriate in order to try to obtain an increase, and also to perhaps solicit their support for a bill to raise the support level?

Mr. Nelson. You're talking about "you", you're not using the personal pronoun, you're using the whole collective effort? Yes, that's right.

Mr. Weitz. Was it contemplated, let's say, in February or March of 1971, that a bill would be, or you hoped, would be introduced into Congress to raise the support level?

Mr. Nelson. I believe it was before that.

Mr. Weitz. So part of this whole strategy was both to approach the Administration pretty much from the outset in obtaining an Administrative increase if possible, but also to obtain Congressional support and possibly Congressional action?

Mr. Nelson. Yes.

Mr. Weitz. Did you communicate your information, or the fact that you were making this effort, this Congressional effort to anyone in the administration?

Mr. Nelson. I don't recall any specific communication, but it was no secret. There wasn't anything furtive about the

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effort with Congress. It was a well-known, well-publicized
fact.

Mr. Weitz. Let's go off the record.

(Discussion off the record.)

(A brief recess was taken.)

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Q Now, did you ever see Mr. Parr at those meetings?

A Yes, sir.

Q Now, did you ever see Mr. Parr at those meetings?

A Yes, sir. At various points.

Q Now, did Mr. Parr generally present at those meetings?

A Generally, yes.

Q Now, did Mr. Parr present at those meetings?

A Yes.

Q Now, did Mr. Willings present at those meetings?

A Mr. Willings may have been present one time when we were with Scarborough Island, I don't really recall that he was, but I don't believe he was ever present when we met along with all those other people.

Q Now, did you present various documents and materials to the members of the dairy co-op?

A Yes, sir. What you might call, mostly unwritten views and arguments and also some written papers on the subject.

Q Now, did you, during this period late 1973, the first part of 1974, have any efforts or attempts to contact the members of the co-op?

A Yes, sir.

D

D

Mr. [unclear] ... that?

Mr. [unclear] ... effort that I ... call at least ... speaking, ... the National Milk ... which called the aid of its ... or ... the aid of all of its members.

Mr. [unclear] ... this effort, I would say, were ... Those were the prime ... had, as I recall, one prime opponent to it, ... another cooperative Land-O-Lakes, which ... a cooperative, but has a different philosophical ... than these other marketing groups. ... was pretty widespread throughout the ... dairy cooperatives were concerned.

And their members, as representatives, would call on their ... asking them to co-author a ... supports at 90 percent.

Mr. [unclear]. Now when did you and we talking about? ... The first resolution by the ... of Agriculture, not raising ... was ... you have begun this effort ... before this time?

Mr. [unclear]. I would say at least then.

Mr. [unclear]. What is the ...?

Mr. [unclear]. ...

D

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DEFENDANT

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET -
WASHINGTON, D.C. 20503

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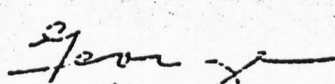
March 4, 1971

24

MEMORANDUM FOR JOHN EHRLICHMAN

Re: Telephone Call from Wilbur Mills this
afternoon re price supports on milk.

He called to inquire about the situation and to push for a prompt decision. He clearly wants to see the support price raised and expressed his doubts about the estimates of excess supply that would be created by that move. He states his view that the Department always over-estimates the production increase and under-estimates demand.


George P. Shultz

001205

WH



NOV 27 1973

MEMORANDUM FOR: ✓ James Hamilton
Donald G. Sanders

FROM: Edward C. Schmults *ECS*

SUBJECT: Information Requested on November 21, 1973

In accordance with our conversation on Wednesday, November 21, 1973, the following sets forth certain relevant information which you requested from the appointment records and telephone logs of Secretary Shultz for certain dates in March, 1971:

1. The telephone log for Thursday, March 4, indicates that Chairman Mills called and talked with Mr. Shultz at 3:10 p.m. As you requested, attached is a memorandum from Mr. Shultz to Mr. Ehrlichman, dated March 4, 1971, regarding this telephone conversation. The telephone log for Monday, March 8, also indicates that Mr. Shultz was called by Chairman Mills at 3:00 p.m. Mr. Shultz was not available at that time but returned Chairman Mills call later in the afternoon. The appointment log for Thursday, March 25, indicates that Mr. Shultz was invited to attend a 9:30 a.m. meeting with Chairman Mills and Mr. Ehrlichman. It is possible that Mr. Gifford also attended.
2. The telephone log for the morning of Wednesday, March 10, indicates a telephone conversation, initiated by Speaker Albert, between the Speaker and Mr. Shultz took place.
3. The appointment log sets forth the following references to meetings on March 19 and 23 regarding the milk price support matter:
 - (a) Friday, March 19 -- 4:00 p.m. meeting at Mr. Ehrlichman's office "re milk price supports" with Messrs. Ehrlichman, Hardin, Whitaker, Cashen, MacGregor or Timmins, and Rice.

JP

- (b) Tuesday, March 23 -- 10:30 a.m. meeting with the "President w/Associated Milk Producers, Inc., Cabinet Room."
- (c) Tuesday, March 23 -- 4:45 p.m. meeting with the "President (re Milk Prices) w/Rice."
- 4. The telephone log for Wednesday, March 24, indicated that Under Secretary of Agriculture Campbell tried to call Mr. Shultz at 8:25 a.m. The call was completed at 9:55 a.m.
- 5. On Thursday evening, March 25, Mr. Shultz attended a reception given by the Arkansas Bankers Association in honor of the Arkansas Congressional Delegation in the Monticello Room of the Madison Hotel.
- 6. Other than a note indicating an invitation on Monday, March 22, from Mr. Haldeman to Mr. Shultz and his family to attend a film showing in the White House theater on March 23, the appointment records and telephone logs do not indicate any contacts between Mr. Haldeman and Mr. Shultz during the period March 19 to March 25, 1971, inclusive.
- 7. Attached are newspaper articles appearing on April 5, 1971, December 22, 1971, and May 18, 19 and 23, 1973.

Attachments

Clark MacGregor memorandum
to John Ehrlichman and
George Shultz, March 5, 1971,
1-2

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THE WHITE HOUSE

Washington

March 5, 1971

MEMORANDUM FOR: JOHN EHRLICHMAN
GEORGE SHULTZ

FROM: CLARK MacGREGOR

SUBJECT: Dairy Price Supports

Senator Jack Miller (R-Iowa), the ranking Minority member of the Senate Committee on Agriculture and Forestry, participated in a Roosevelt Room discussion at 10:00 a.m. this morning on the President's special revenue sharing proposal for rural development. I sat next to him. The following three memos passed between us, with Jack Miller initiating the action:

- I) 1. "Clark: It would be a political mistake to do nothing (re: the dairy price support question) this year and then do something in 1972 -- an election year. The dairy organizations would see through this, and so would the Democrats, and they would make hay by calling attention to the Administration playing politics with the dairy farmer.
2. "Better to do something this year and something in 1972 (though less in 1972 than would be the case if nothing done in 1971).
3. "Drop in parity price support from 85% to 81% represents cost-price squeeze which we ought to try to handle -- at the very least take action to prevent further drop in the parity ratio over next 12 months. Jack Miller"
- II) "Jack: Do you recommend that the President and Cliff Hardin announce that on April 1st the support price will be 81% of parity? Clark"

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Clark MacGregor memorandum
to John Ehrlichman and
George Shultz, March 5, 1971,
1-2

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Page 2

Memorandum for: John Ehrlichman and George Shultz
March 5, 1971

III) "Clark: 82% would sound better. Those working for 90% don't expect it. Many of them fall back to 85% (like they got last year) -- but they should know that this costs \$100 million more to the government. So some of them have suggested at rock bottom holding prices so that there will not be further deterioration in parity. Jack Miller "

cc: Don Rice
Pete Peterson
John Whitaker

THE WHITE HOUSE
WASHINGTON

25

001212

March 5, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN
GEORGE SHULTZ

FROM:

CLARK MacGREGOR CM

SUBJECT:

Dairy Price Supports

Senator Jack Miller (R-Iowa), the ranking Minority member of the Senate Committee on Agriculture and Forestry, participated in a Roosevelt Room discussion at 10:00 a.m. this morning on the President's special revenue sharing proposal for rural development. I sat next to him. The following three memos passed between us, with Jack Miller initiating the action:

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3. "Drop in parity price support from 85% to 81% represents cost-price squeeze which we ought to try to handle -- at the very least take action to prevent further drop in the parity ratio over next 12 months. Jack Miller"

- II) "Jack: Do you recommend that the President and Cliff Hardin announce that on April 1st the support price will be 81% of parity? Clark"

Memorandum for: John Ehrlichman and George Shultz

March 5, 1971

III) "Clark: 82% would sound better. Those working for 90% don't expect it. Many of them fall back to 85% (like they got last year) -- but they should know that this costs \$100 million more to the government. So some of them have suggested at rock bottom holding prices so that there will not be further deterioration in parity. Jack Miller"

cc: Don Rice

Pete Peterson

✓ John Whitaker

001213

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Bill Gifford memorandum
March 9, 1971

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THE WHITE HOUSE
Washington

March 9, 1971

MEMORANDUM FOR THE DIRECTOR

Hyde Murray has recommended that the Administration maintain the status quo with respect to dairy price supports. He is supported in this view by other House Republican staffers who are less informed on the subject.

They suggest that if the Administration agrees to the suggestions of the House Democratic leadership that price supports be increased there could be very much increased dairy surpluses during the election year. This would create a difficult political issue.

Hyde Murray makes this recommendation with which I concur:

1. Do not increase price supports.
2. Refer the question of cheese imports to the Tariff Commission.
3. Announce the purchase of cheese for school lunch programs.

Following this recommendation would put the Administration in the best position during the coming election year.

Bill Gifford

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THE WHITE HOUSE

WASHINGTON

March 9, 1971

001222

(38)

MEMORANDUM FOR THE DIRECTOR

Hyde Murray has recommended that the Administration maintain the status quo with respect to dairy price supports. He is supported in this view by other House Republican staffers who are less informed on the subject.

They suggest that if the Administration agrees to the suggestions of the House Democratic leadership that price supports be increased there could be very much increased dairy surpluses during the election year. This would create a difficult political issue.

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Bill Gifford

20. On or about March 3, 1971 the Department of Agriculture concluded that an increase in milk price supports above the then current level of \$4.66 per hundredweight (cwt) (approximately 79% of parity) was not economically justified to assure an adequate supply of milk. Between March 3, 1971 and March 12, 1971 the President, Ehrlichman, Ehrlichman's assistant for agricultural matters John Whitaker, Counsel to the President for Congressional Relations Clark MacGregor, Office of Management and Budget Director George Shultz, and other White House, OMB, and Council of Economic Advisors officials discussed the Department of Agriculture's decision. On March 10, 1971 Colson sent Ehrlichman a memorandum stating that because of the obvious political support they had discussed, affirmative action should be taken on certain cheese imports in order to counteract the effect of the parity level announcement.

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- 20.1 Memorandum from Gary Seevers to Messrs. McCracken and Houthakker, March 3, 1971 (received from White House).
 - 20.2 Memorandum from Donald Rice to Messrs. Shultz and Ehrlichman, March 4, 1971 with routing memorandum (received from White House).
 - 20.3 Memorandum from Clark MacGregor to John Ehrlichman and George Shultz, March 5, 1971 (received from White House).
 - 20.4 Memorandum from Donald Rice to George Shultz, March 5, 1971 (received from White House).
 - 20.5 Memorandum from "JCW" [John Whitaker] to "JE" [John Ehrlichman] March 5, 1971 (received from White House).
 - 20.6 Memorandum from Charles Colson to John Ehrlichman, with note to "C" [Colson], March 10, 1971 (received from White House).
 - 20.7 Memorandum from George Shultz to the staff secretary, March 20, 1971 (received from White House).

Gary Seevers memorandum
to Mr. McCracken and Mr.
Houthakker, March 3, 1971, 1-2

Retyped from indistinct original

Mr. McCracken & Mr. Houthakker

3/3/71

Gary Seevers

Dairy Price Support

This is Dairy Week in Washington!

The prime issue today is the price support level for manufacturing milk. The Department of Agriculture phoned this morning and said they were sending materials to CEA-OMB that recommended the same support level for the marketing year beginning April 1, 1971 as the present year. They are also recommending a lower support for butter, offset by a higher support for nonfat dry milk, in order to bring relative prices of the supported dairy products more in line with their market demands.

Agriculture wants to make an announcement later today. Their reason for not following the 10-day rule is that this particular issue is so politically-charged that even to circulate papers and allow them to "ferment" would generate intense political pressure. After participating in the cheese import issue which is subject to the same political forces, I agree with Agriculture's strategy.

Should we support Agriculture's Recommendation

The dairy support level has been raised as follows in recent years:

	<u>\$ per.100 lbs.</u>	<u>Percent of Parity*</u>
1965	\$3.24	75
1966	4.00	89
1967	4.00	87
1968	4.28	89
1969	4.28	83
1970	4.66	85
1971 (recommendation)	4.66	80

*Legal range: 75-90 percent

There is no economic case for raising the support in 1971. Dairy production is rising in response to higher prices while consumption is

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Gary Seevers memorandum
to Mr. McCracken and Mr.
Houthakker, March 3, 1971, 1-2

Retyped from indistinct original

2

lagging; the Commodity Credit Corporation is purchasing more dairy products to support prices and the high domestic prices have encouraged imports to grow despite the restrictive quotas on many types of dairy imports.

While it would be consistent with the Council's position on agricultural policy to advocate a lower price support, the best that can be hoped for in this situation is to hold the line. If the support price is raised, it will be directly reflected in consumer prices for dairy products after April 1.

Courses of Action

1. Refuse to respond on such short notice.
2. Respond directly to Agriculture (probably call Secretary Hardin).
3. Respond to OMB (probably call Shultz who is directly involved in this issue and give him our position or ask to participate in the final decision).

I would recommend that we join Agriculture and OMB (I believe they will agree on \$4.66) on this issue. A unified position by the three agencies could have a chance to offset the political pressure for raising the support price.

cc: HS
SJ

Retyped from indistinct original



Mr. McCracken & Mr. Houthalcker

3/3/71

Gary Seevers

Dairy Price Support

001071

This is Dairy Week in Washington!

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Courses of Action

001072

1. Refuse to respond on such short notice.
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3. Respond to OMB (probably call Shultz who is directly involved in this issue and give him our position or ask to participate in the final decision).

I would recommend that we join Agriculture and OMB (I believe they will agree on \$4.66) on this issue. A unified position by the three agencies could have a chance to offset the political pressure for raising the support price.

cc: HS
SJ

11/11/66

25

JCW:

Ehrlichman thinks something should
be done about this today. Tod wants
to know if you are, or want to be,
involved in it. He would like your
advice.

001206

sa

Has this been
taken care of?
get Yico

11/11

March 4, 1971

MEMORANDUM FOR MR. SHULTZ
MR. EHRLICHMAN

SUBJECT: Decisions on Dairy Problems

Dairy interests are pressuring the Administration for action on three related issues. To a certain extent, we have been treating these questions separately. They should be decided as a package.

The three issues are:

- do we restrict imports of cheeses above 47¢ per pound (price-break cheese);
- do we raise the price support level for milk from \$4.66 to \$5.05 per hundredweight;
- do we have Agriculture purchase large quantities of cheese for the school lunch and commodity distribution programs.

001207

These three issues are related because an increase in the support price would mean higher prices and larger production which could only be sustained through increased Government purchases and import controls on foreign supply. Alternatively, we could think about the interrelationships in reverse sequence. Controlling imports (supply) and increasing purchases (demand) will increase market prices which in turn would allow dairy interests to argue that support prices could be increased without increasing budget costs. Thus, raising the milk price support level aggravates the cheese import problem. Indeed, cheese import problems have already been exacerbated by last year's price support increase. Even so, imports of dairy products represent a very small proportion of dairy business in the U.S. compared to many other sectors of our economy.

If we accede to the dairy interests on these three issues, the result would be higher budget costs, increased production and surpluses of milk products (see table). Next year at this time the President would surely be faced with a choice between even larger surpluses or a decrease in the support price, an unhappy choice in an election year. In addition, such a combination of actions would most likely lead to retaliation against U.S. agricultural exports. This could bring lower farm income and larger surpluses in non-dairy commodities as well.

	<u>FY71</u>	<u>FY72</u>	
	\$4.66	\$4.66	\$5.00
	<u>spt. price</u>	<u>spt. price</u>	<u>spt. pr</u>
CCC purchases	6.7	6.5	7.8
(bil. lbs.)			
Budget costs	\$380	\$390	\$500+
(mil \$)			

001208

	<u>Budget Proposed</u>	<u>Budget Proposed</u>
Cost of cheese purchases	\$10	\$39

Dairy farm income is now at an all-time high of \$6.5 billion and is projected to rise to \$6.6 billion next year with no change in the milk price support level. Last year's price support increase was the largest ever (budget cost of \$100 million per year). Further increases this year would not only lead to surpluses and an unhappy political choice next year, but would be inflationary and probably not even be in the dairymen's best interest when the need to develop export and domestic markets is taken into account. Dairy interests are by no means of one mind on these issues. Some believe a price increase now would greatly depress demand for products for which substitutes exist. For example, I understand Rep. Quie (a dairy farmer himself) strongly opposes an increase in the price support level at this time.

The proposed cheese purchases would increase budget costs by \$10 million in FY 71 and \$39 million in FY 72 (see table). Agriculture (believing the White House wanted it) has already announced that \$6 million (unbudgeted) worth of cheese would be distributed in FY 71. This will be the first distribution of cheese for the school lunch program in 16 months. All cheese purchased through the price support program has been distributed to needy families. The states have purchased large quantities of cheese for school lunches. The amount proposed for federal purchase in FY 72 (unbudgeted) is about double what the states have been buying.

Secretary Hardin strongly urges holding the line on the price support level. He wants to announce this position as soon as possible but wants Presidential approval first. He also proposes simultaneously announcing the purchase of cheese for the school lunch program and an intent to purchase "substantial quantities" in the future. He clearly feels under pressure, partly from the White House, to include the quoted language.

Pete Peterson has been working on the price-break cheese problem. He may support the recommendation of the Task Force on Agricultural Trade that the President direct the Tariff Commission to investigate this problem. I understand he has some wrinkles to his proposal with which I am not fully familiar. Perhaps these features would reduce the likelihood that the Tariff Commission recommendations will force the President into protectionist actions.

I recommend that we package up the following for announcement as soon as possible:

1. holding the line on the price support level,
2. purchasing moderate quantities of cheese for this year's school lunch program but with no commitment to large future purchases,
3. directing the Tariff Commission to study the price-break cheese support problem.

001209

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Hyde Murray believes that this package would be quite satisfactory to Representatives Poage and Belcher. Clarence Palmby believes strongly that it would satisfy Wilbur Mills. John Whitaker concurs.

If at all possible the announcement should be made late in the day Friday or first thing Monday to minimize any appearance of manipulation of commodity markets (the Green Bay cheese market is open Friday only).

Donald B. Rice
Assistant Director

001210

RECEIVED
FEB 10 1954
U.S. DEPT. OF AGRICULTURE
WASHINGTON, D.C.

THE WHITE HOUSE

WASHINGTON

March 5, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN
GEORGE SHULTZ

FROM:

CLARK MacGREGOR

001217

SUBJECT:

Discussion on Dairy Problems

I have before me Don Rice's four-page memo to Messrs. Shultz and Ehrlichman dated March 4th. At the bottom of Page 2 Don Rice states that Representative Al Quie (R-Minn) "strongly opposes an increase in the price support level at this time." This is not correct. On the basis of several personal conversations, the latest being late yesterday, what is correct is that Al Quie does not feel that it is necessary or advisable not to announce support levels at 85% of parity. Al Quie would be seriously embarrassed in his district were it to become known that he strongly opposes the 85% position taken by Speaker Albert and Congressmen Mills and Byrnes. What Al said to me was, "The Land O'Lakes position is a sound one, but I am not saying that for publication.

On Page 4 of the Rice memo it is stated, "Clarence Palmby believes strongly that it [the Rice-recommended package] would satisfy Wilbur Mills." This is not correct. Wilbur Mills has urged me more than a half a dozen times in the last three weeks to urge the President to announce the 85% of parity price support level; the latest Mills appeal to me was by phone late in the afternoon of March 4th.

cc: Don Rice
Pete Peterson
John Whitaker

Donald Rice memorandum
to Mr. Shultz, March 5, 1971
1-3, attachment

Retyped from indistinct original

EXECUTIVE OFFICE OF THE PRESIDENT
Office of Management and Budget
Washington, D. C. 20503

March 5, 1971

MEMORANDUM FOR MR. SHULTZ

SUBJECT: Further Information on Dairy Problems

As you requested, the enclosed table displays price "support levels, parity rates, budget costs and CCC purchases. The table also shows the rising trend of dairy farm income.

Even if the President decides to delay action at this time on cheese imports so that this question can be handled as part of a broader policy on international trade, I recommend no increase in the milk price support level this year. Increased purchases of cheese should be enough to give the dairymen this year. My reasons are detailed below.

-- As the enclosed table indicates, dairy farm income is at an all-time high and rising. Income is not directly related to the parity rate. Parity dropped from 89% in 1968 to 83% in 1969 while income rose as shown in the table. Last year's increase to 85% parity brought about an even greater spurt in gross income. Net income figures for 1970 are not available but will certainly show a substantial increase.

-- Another increase this year on top of last year's large increase would be contrary to the Administration's policy of greater reliance on expanding markets to provide the basic underpinning to farm income. Consumption per capita has been declining. Another increase this year would accelerate that trend.

-- According to Hyde Murray, there are responsible voices in the dairy business who do not want an increase this year; for example, the Badger Co-op in Wisconsin and Land o' Lakes Co-op in Minnesota, two large independents, oppose an increase. So does the Farm Bureau. Wisconsin and Minnesota are, of course, areas that would be most directly affected.

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-- Production response to higher dairy prices takes time. The full effects of last year's increase have not yet been seen. Therefore, there is some likelihood that any price increase this year will face the President with a choice next year of, at best, being forced to hold the line or, at worst, having to reduce the price support level.

-- The heavy pressure for an increase is coming from the Associated Milk Producers, Inc. This is a near-cartel formed by merging about 60 smaller co-ops into 8 larger ones. This organization is trying to control supply and administer prices, particularly of fluid milk for home consumption. They restrict supply by operating their own processing plants which can convert fluid milk to butter, non-fat dry milk or cheese (for sale to the CCC if necessary) thus propping up the price of fluid milk. A price support increase would reward AMPI activities. I understand that the FTC and Justice are taking a hard look at this situation.

-- A small increase in the price support level would not mollify the AMPI. It would be seen as tokenism. We have to make up our mind whether we want to rely on markets for more farm income or else make a big enough increase in price supports to have a real affect on income.

-- Any increase in the price support level will increase consumer prices for dairy products, attract imports and exacerbate the price-break cheese problem.

-- Parity is driven by the prices farmers pay, without an offset for productivity. After last year's big price support increase, it's time to share some of the fruits of productivity gains with consumers.

-- A price support increase would cause higher budget costs and greater surpluses as shown in the enclosed table.

Retyped from indistinct original

Donald Rice Memorandum
to Mr. Shultz, March 5, 1971,
1 - 3, attachment

Retyped from indistinct original

3

If at all possible, the decision should be made in time to be announced first thing Monday so as to resolve the matter before the AMPI campaign builds any bigger head of steam than it already has.

Signed

Donald B. Rice
Assistant Director

P.S. For your information, the price of cheese has risen 4-5¢ a pound (8-10%) in the last three weeks in response to the speculation and announcements about larger Government cheese purchases.

cc: Mr. Ehrlichman
Mr. Peterson
Mr. MacGregor
Mr. Whitaker

Retyped from indistinct original

Donald Rice memorandum
to Mr. Shultz, March 5, 1971,
1 - 3, attachment

Retyped from indistinct original

SCHEDULE OF PRICE SUPPORT LEVELS AND COSTS

<u>Price Support Level</u>	<u>% of Parity</u>	<u>Budget Cost</u>	<u>CCC Purchases</u>
\$4.52 per CWT	78.0%	\$280 mil	4.6 bil. lbs.
\$4.66	80.5	\$386	6.5
\$4.75	82.0	\$415	6.8
\$4.85	83.8	\$430	7.0
\$4.92	85.0	\$445	7.2
\$5.05	87.2	\$500	7.8
\$5.21	90.0	\$595	9.4

DAIRY INCOME

	<u>Gross Income</u>	<u>Net Income Per Dairy Farm</u>
1968	\$6.0 bil	\$15,700
1969	\$6.2	\$17,400
1970	\$6.5	N/A
1971	\$6.6 *	N/A

* projected at \$4.66 price support level

Retyped from indistinct original

20.4 Donald Rice memorandum

March 5, 1971

001290

(22)

MEMORANDUM FOR MR. SHULTZ

SUBJECT: Further Information on Dairy Problems.

As you requested, the enclosed table displays price "support levels, parity rates, budget costs and CCC purchases. The table also shows the rising trend of dairy farm income.

Even if the President decides to delay action at this time on cheese imports so that this question can be handled as part of a broader policy on international trade, I recommend no increase in the milk price support level this year. Increased purchases of cheese should be enough to give the dairymen this year. My reasons are detailed below.

-- As the enclosed table indicates, dairy farm income is at an all-time high and rising. Income is not directly related to the parity rate. Parity dropped from 89% in 1968 to 83% in 1969 while income rose as shown in the table. Last year's increase to 85% parity brought about an even greater spurt in gross income. Net income figures for 1970 are not available but will certainly show a substantial increase.

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-- According to Hyde Murray, there are responsible voices in the dairy business who do not want an increase this year; for example, the Badger Co-op in Wisconsin and Land o' Lakes Co-op in Minnesota, two large independents, oppose an increase. So does the Farm Bureau. Wisconsin and Minnesota are, of course, areas that would be most directly affected.

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-- A price support increase would cause higher budget costs and greater surpluses as shown in the enclosed table.

If at all possible, the decision should be made in time to be announced first thing Monday so as to resolve the matter before the AMPI campaign builds any bigger head of steam than it already has.

Signed

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Assistant Director

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cc: Mr. Ehrlichman ✓
Mr. Peterson
Mr. MacGregor
Mr. Whitaker

001202

WH

SCHEDULE OF PRICE SUPPORT LEVELS AND COSTS

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001203

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1970	\$6.5	N/A
1971	\$6.6 *	N/A

* projected at \$4.66 price support level

001203

THE WHITE HOUSE
WASHINGTON

Recommendation -- stick with Rice's recommendation. We could raise the price and prices fall from oversupply then we would have to cut price support in '72 and be in real trouble. Let's stick where we are and see what happens to the parity % for this year.

I've given Hyde Murray Senator Miller position -- he doesn't buy it either and agrees with Rice's recommendation.

JCW

001216

(2)

THE WHITE HOUSE
WASHINGTON

001214

Date: 3/5/71

12:15 PM

TO: J.E.

FROM: JOHN C. WHITAKER

*Recommendation -
stick with Rice
recommendation
We could raise
the price and prices
fall from over supply
then we could have
to cut prices supplied
in '72 and be in
(red)*

111

real trouble. Let's
stick where we are
and see what
happens to the
party % for three
years.

001215

I've given
Hilde Murray
several months position -
he doesn't know if
either and agrees
with Rice's recommendation
J.C. Whitman

WH

THE WHITE HOUSE

WASHINGTON

20.6 Charles Colson memorandum

March 10, 1971

EYES ONLY

MEMORANDUM FOR JOHN EHRLICHMAN

FROM:

CHARLES W. COLSON

My reasons for believing that we should take affirmative action on cheese imports at the same time parity levels are announced are as follows:

1. The obvious political support we discussed.
2. There is deep and growing disenchantment in the farm belt. The dairy segment has been one that has been with us. A negative parity decision and negative imports decision will have severe repercussions.
3. The leaders of the dairy industry can "sell" to the farmers no increase in parity if they can say that the importation of milk substitutes, like cheese, will be controlled.
4. Merely saying that it is going to the Tariff Commission will be recognized as a stall giving our people no handle to use with the farmers.
5. On the merits this is not the typical trade problem. Historically, in the statutes and government actions, the government has always tried to bar imports of products that are subject to agricultural price support inasmuch as free importation would result in the U.S. merely supporting the world market; hence, this would not be a trade action but rather an action to preserve the integrity of the price support program.

There was some reason for the dairy industry to believe last December that Hardin would ask for an emergency proclamation on dairy imports. If we do not take decisive action and keep present parity levels, we are going to catch a lot of political hell. Later action on the imports, which will have to come, probably will not then be enough to undo the damage to our political posture; we will be under more pressure than ever to increase parity later; hence, a blocking action now could be a lot less painful than trying to repair the damage later. This is one on which we should take a long view.

Mr. Harlichman would like you to
look at this and then talk with
him about it.

59

20.6 Attachment to Charles Colson
memorandum

3/11 - 6:40

001300

WH

George P. Shultz memorandum, March 20, 1971

Retyped from indistinct original.

March 20, 1971

MEMORANDUM FOR THE STAFF SECRETARY

Subject: Report on the President's Meeting with
Secretary Connally, Dr. Burns, Mr. Shultz
and Dr. McCracken on March 5 at 11:00 a.m.

The following items were discussed:

- 1) Paul McCracken reported on the economy and noted that the employment picture was mixed despite the decline in February in unemployment. The President insisted on the importance of not expressing a lack of confidence. Arthur Burns took issue with the President on the grounds that too much confidence talk would present a lack of credibility. The President responded that the situation was parallel to the war and the drive of the press to see to it that we do not succeed and argued that confidence would help the economy up, particularly since we are doing the right thing and believe that the substance of the situation is good.
- 2) Arthur Burns expressed his objections to public criticism by Administration officials of the Federal Reserve. The President pointed out that the Fed criticizes the Administration on every side and that we can't have a one-way street. He also reminded Dr. Burns of developments in 1967 when Burns and the President were both trying to get the Federal Reserve to loosen up on money because of the very soft economic situation, and Burns' dissatisfaction at that time with the way the Federal Reserve was behaving.
- 3) John Connally made the point to Burns that there was a need to drive interest rates down further especially insofar as individuals and small firms are concerned. Burns pointed out that the corporate rate has lately gone up about a percentage point as a result of the fact that lower interest rates were attracting a large volume of corporate offerings. He agreed with Connally that interest rates would probably go lower and that it would be important to say so. He said that he would say so in his testimony next week.

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Retyped from indistinct original.

4) Connally brought up the problem of the DuPont brokerage firm. All agreed that a strong effort should be made to keep the firm from going bankrupt. Burns remarked that much reform was needed but that this was not the time for it since a failure of a firm of this size would weaken confidence in the economy.

5) The President noted the importance of having a Domestic Council committee on the subject of antitrust laws and emphasized his view of the importance of allowing companies to merge or be acquired if that was a way of saving them.

6) There was also a discussion of dairy prices and the strong pressure to raise dairy prices coming from the dairy lobby. Burns argued strongly for doing everything possible to keep the prices from rising insofar as the consumer is concerned.

7) With regard to the Lockheed problem, Connally noted that the British proposal recently made to Lockheed was not acceptable but that negotiations between Lockheed and the British were continuing. Connally was maintaining a flow of information but not taking any government position in the situation. He also noted the possibility of a McDonnell Douglas takeover of Lockheed, giving his opinion that this would help salvage the situation that occurred.

8) The President spoke about the need to pay more attention to the problems of the airlines. He noted that many in the Administration are working on it but all have many other things to do and raised the possibility of an outsider with high prestige being brought in to spend fulltime for a few months helping get the situation straightened out. He mentioned the names of Tom Dewey, Bert Gross, Bob Tyson, Penlo Smith, Walter Thayer, and Fred Donner. Shultz was given the assignment of developing some recommendations on what to do and how to do it.

"Signed and Mailed"

George P. Shultz

Retyped from indistinct original.

001297

March 20, 1971

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WH

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001298

"SIGNED AND MAILED"

George P. Shultz

GPS/CH

cc:

to Records

Director's Chron

Director

(#4257)

WH

21. On March 12, 1971 Secretary of Agriculture Hardin, finding that the price support level of \$4.66 per cwt. would assure an adequate supply and otherwise fully meet the applicable statutory criteria, set the milk price support level for the marketing year April 1, 1971 - March 31, 1972 at \$4.66 (approximately 79% of parity). In the same press release announcing the price support decision, the Department of Agriculture noted that the President had ordered the Tariff Commission to conduct an immediate investigation on restricting cheese imports and it announced purchase of cheese for the USDA food program. According to a memorandum by Whitaker, the President approved this announcement on March 12, 1971 on the recommendation of Hardin, Shultz, Ehrlichman and Special Assistant to the President for International Economic Affairs Peter Peterson.

21.1 Agriculture Act of 1949, 7 USC §§ 1446, 1426.

21.2 United States Department of Agriculture press release, March 12, 1971 (received from White House).

21.3 Memorandum from John Whitaker to the President, March 22, 1971 (received from White House).

21.4 President Nixon remarks, November 17, 1973, 9 Presidential Documents 1355.

UNITED STATES CODE

1970 EDITION

CONTAINING THE GENERAL AND PERMANENT LAWS
OF THE UNITED STATES, IN FORCE
ON JANUARY 20, 1971

Prepared and published under authority of Title 1, U.S. Code, Section 202 (c)
by the Committee on the Judiciary of the House of Representatives



VOLUME ONE
ORGANIC LAWS
TITLE 1—GENERAL PROVISIONS
TO
TITLE 7—AGRICULTURE

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1971

able on such crop only to producers who comply with the provisions of such program. (Oct. 31, 1949, ch. 792, title I, § 107, as added Sept. 27, 1962, Pub. L. 87-703, title III, § 325(1), 76 Stat. 630, and amended Apr. 11, 1964, Pub. L. 88-297, title II, § 203, 78 Stat. 182; Nov. 3, 1965, Pub. L. 89-321, title V, § 506, 79 Stat. 1203; Oct. 11, 1968, Pub. L. 90-559, § 1(1), 82 Stat. 996; Nov. 30, 1970, Pub. L. 91-524, title IV, § 401, 84 Stat. 1362.)

AMENDMENTS

1970—Pub. L. 91-524 provided for loans on wheat at such levels not in excess of the parity price as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains, provided that, if a set-aside program is in effect, program benefits would be made available only to producers who comply with such set-aside program, and placed a floor on the loan of \$1.25 per bushel.

1968—Subd. (2). Pub. L. 90-559 provided for a one year extension through 1970.

1965—Pub. L. 89-321 raised the wheat support level to 100 per centum of parity or as near to 100 per centum as the Secretary determines to be practicable, placed a floor of 100 per centum of parity for wheat accompanied by marketing certificates and \$1.25 for wheat not so accompanied under the 1966 crop, guaranteed to cooperators for 1967 through 1969 crops a total average rate of return per bushel of not less than the total average rate of return per bushel made available to cooperators through loans and domestic marketing certificates for the 1966 crop where the diversion factor is not less than 10 per centum, and eliminated reference to classification as cooperators of producers who do not knowingly exceed the farm acreage allotment for wheat in cases where marketing quotas are not in effect.

1964—Subd. (1). Pub. L. 88-297 substituted "domestic certificates" for "marketing certificates."

Subd. (2). Pub. L. 88-297 added subd. (2). Former subd. (2) redesignated (3).

Subd. (3). Pub. L. 88-297 redesignated former subd. (2) as (3), deleted introductory clause "If marketing quotas are in effect for wheat", and inserted "not in excess of 90 per centum of the parity price therefor." Former subd (3) redesignated (4).

Subd. (3). Pub. L. 88-297 redesignated former subd. (3) as (4). Former subd (4) redesignated (5).

Subd. (5). Pub. L. 88-297 redesignated former subd. (4) as (5) and added the introductory phrase "Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year." Former subd. (5) redesignated (6).

Subd. (6). Pub. L. 88-297 redesignated former subd. (5) as (6), deleted introductory clause "If marketing quotas are in effect for the crop of wheat", deleted from clause (1)(A) "or any other commodity" following "wheat", substituted in clause (1)(B) "the farm acreage allotment for wheat on any other farm on which the producer shares in the production of wheat" for "the farm acreage allotment on any other farm for any commodity in which he has an interest as a producer", inserted the phrase "Effective with respect to crops planted for harvest in the calendar year 1966 and any subsequent year," preceding "If marketing quotas", and added provision for deeming a producer as not having exceeded a farm acreage allotment for wheat if the production on the acreage in excess of the farm acreage allotment is stored pursuant to section 1379c(b) of this title, but making the producer ineligible to receive price support on the wheat so stored.

EFFECTIVE AND TERMINATION DATES OF 1970 AMENDMENT

Section 401 of Pub. L. 91-524 provided in part that the amendment by Pub. L. 91-524 is effective only with respect to the 1971, 1972, and 1973 crops of wheat.

EFFECTIVE AND TERMINATION DATE OF 1965 AMENDMENT

Section 506 of Pub. L. 89-321, as amended by Pub. L. 90-559, § 1(1), Oct. 11, 1968, 82 Stat. 996, provided in part that the amendment of this section by Pub. L. 89-321

shall be effective only with respect to the 1966 through 1970 crops.

SUBCHAPTER III.—NONBASIC AGRICULTURAL COMMODITIES

§ 1416. Price support levels for designated nonbasic agricultural commodities.

The Secretary is authorized and directed to make available (without regard to the provisions of sections 1447 to 1449 of this title) price support to producers for tung nuts, honey, and milk as follows:

(a) Repealed. Aug. 28, 1954, ch. 1041, title VII, § 709, 68 Stat. 912.

(b) The price of tung nuts and honey, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor: *Provided*, That in any crop year in which the Secretary determines that the domestic production of tung oil will be less than the anticipated domestic demand for such oil, the price of tung nuts shall be supported at not less than 65 per centum of the parity price therefor:

(c) The price of milk shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through purchases of milk and the products of milk. (Oct. 31, 1949, ch. 792, title II, § 201, 63 Stat. 1052; Aug. 28, 1954, ch. 1041, title II, §§ 203 (a), 204 (b), title VII, § 709, 68 Stat. 899, 912; Apr. 2, 1956, ch. 159, § 1, 70 Stat. 87; July 20, 1956, ch. 661, 70 Stat. 596; Aug. 28, 1958, Pub. L. 85-835, title V, § 503, 72 Stat. 996; Sept. 16, 1960, Pub. L. 86-799, 74 Stat. 1054; Nov. 30, 1970, Pub. L. 91-524, title II, § 202, 84 Stat. 1361.)

AMENDMENTS

1970—Pub. L. 91-524 substituted "and milk" for "milk, butterfat, and products of milk and butterfat" in the provisions preceding subsec. (a) and, in subsec. (c), struck out provisions for butterfat price supports.

1960—Subsec. (c). Pub. L. 86-799 inserted the sentence "Notwithstanding the foregoing provisions, for the period beginning with September 16, 1930, and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

1958—Subsec. (b). Pub. L. 85-835 required the minimum support level of tung oil to be 65 per centum of parity whenever domestic production is less than anticipated domestic demand.

1956—Subsec. (c). Act July 20, 1956, which eliminated from the last sentence the words "as are" preceding "devoted," and substituted "children" for "underprivileged children on a public welfare or charitable basis".

Act Apr. 2, 1956 increased the amount authorized for fiscal year 1956 from \$50,000,000 to \$60,000,000, to authorize \$75,000,000 for each of the fiscal years 1957 and 1958, and permitted certain institutions devoted to the care and training of underprivileged children on a public welfare or charitable basis to share in the program.

1954—Opening par. Act Aug. 28, 1954, §§ 203 (a), 709, removed Irish potatoes and wool (including mohair) from the price support list.

Subsec. (a). Act Aug. 28, 1954, § 709, deleted subsec. (a) relating to the support of wool and mohair.

Subsec. (b). Act Aug. 28, 1954, § 203 (a), deleted reference to Irish potatoes.

Subsec. (c). Act Aug. 28, 1954, § 204 (b), provided for the disposal of surplus dairy stocks owned by the CCC.

of Title 12, Banks and Banking, and section 713a-4 of Title 15, Commerce and Trade.

Section 1302 of this title was repealed by act Oct. 31, 1949, ch. 792, title IV, § 414, 63 Stat. 1057.

Section 1322 of this title was repealed by act Aug. 28, 1954, ch. 1041, title III, § 304, 68 Stat. 902.

AMENDMENTS

1958—Pub. L. 85-835 authorized the Commodity Credit Corporation to acquire title to agricultural commodities on which nonrecourse price-support loans have been made without the necessity of computing and making payments to the farmer.

EXCEPTIONS FROM TRANSFER OF FUNCTIONS

Functions of the Corporations of the Department of Agriculture, the boards of directors and officers of such corporations; the Advisory Board of the Commodity Credit Corporation; and the Farm Credit Administration or any agency, officer or entity of, under, or subject to the supervision of the said Administration were excepted from the functions of officers, agencies and employees transferred to the Secretary of Agriculture by 1953 Reorg. Plan No. 2, § 1, effective June 4, 1953, 18 F. R. 3219, 67 Stat. 633, set out as a note under section 2201 of this title.

§ 1426. Advance announcement of price support levels: reduction of levels.

The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced. (Oct. 31, 1949, ch. 792, title IV, § 406, 63 Stat. 1055.)

REFERENCES IN TEXT

This Act, referred to in text, has been classified to this chapter and sections 612c, 1301 (a) (1) (B), (C), (G), (b) (1) (B), (b) (3) (B), (b) (9), (b) (10) (A), (C), (b) (16) (A), (C), 1302, 1322 (a), 1323, 1343, 1344 (f) (3), 1345, 1353-1356 of this title, sections 1134c and 1134j of Title 12, Banks and Banking, and section 713a-4 of Title 15, Commerce and Trade.

Section 1302 of this title was repealed by act Oct. 31, 1949, ch. 792, title IV, § 414, 63 Stat. 1057.

Section 1322 of this title was repealed by act Aug. 28, 1954, ch. 1041, title III, § 304, 68 Stat. 902.

§ 1427. Sale of farm commodities; policies and rates of sale; exceptions; use of commodities to relieve distress.

The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges: *Provided*, That effec-

tive with the beginning of the marketing year for the 1961 crop, the Corporation shall not sell any upland or extra long staple cotton for unrestricted use at less than 15 per centum above the current support price for cotton plus reasonable carrying charges, except that the Corporation may, in an orderly manner and so as not to affect market prices unduly, sell for unrestricted use at the market price at the time of sale a number of bales of cotton equal to the number of bales by which the national marketing quota for such marketing year is reduced below the estimated domestic consumption and exports for such marketing year pursuant to the provisions of section 1342 of this title: *Provided further*, That beginning August 1, 1964, the Commodity Credit Corporation may sell upland cotton for unrestricted use at not less than 105 per centum of the current loan rate for such cotton under section 1444(a) of this title plus reasonable carrying charges: *Provided*, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States including the Virgin Islands declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under sections 1855 to 1855g of Title 42 and shall make feed owned or controlled by it available at any price not less than 75 per centum of the current basic county loan rate (or a comparable price if there is no current basic county loan rate) for assistance in the preservation and maintenance of foundation herds of cattle (including producing dairy cattle), sheep and goats, and their offspring, in any area of the United States including the Virgin Islands where, because of flood, drought, fire, hurricane, earthquake, storm, disease, insect infestation, or other catastrophe in such areas, the Secretary determines that an emergency exists which warrants such as-

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, March 12, 1971

Secretary Hardin Announces Milk Support, Dairy Purchase Prices for 1971-72:

Secretary of Agriculture Clifford M. Hardin today announced the support price for manufacturing milk will be \$4.66 per hundred weight in the 1971-72 marketing year beginning April 1, 1971. This is the same as for the present marketing year.

A year ago the dairy price support was increased by 38 cents per hundred-weight. Secretary Hardin said "this was the biggest increase that has ever been made at the beginning of a marketing year. This was done because milk production was declining, and it was in keeping with our obligation under the statutes to provide sufficient milk supplies for the 1970's". Following this increase, milk production moved upward in 1970.

In making this announcement, the Secretary said he realized that some dairymen believe that the support price should be increased. However, after careful review of the situation and the provisions of the law, Secretary Hardin declared that he felt today's action was in the long-term best interests of the dairy producers.

"The long time well being of dairymen," the Secretary declared, "requires that prices be kept at levels which will permit the overwhelming proportion of milk to clear through commercial markets. Dairymen, like all farm producers, are faced with increased costs. But they know from past experience that they do not benefit when dairy production substantially exceeds demand and excessive surpluses pile up in Government warehouses. We must avoid this."

The Secretary also announced that it will be necessary to purchase cheese during the coming months for use in USDA food programs. With these purchases, Secretary Hardin said that he believed that producer prices for milk would be strengthened. In this connection, the Secretary pointed out that on March 10 more than 2.5 million pounds of cheese was purchased and buying offers are continuing.

At the same time, the Secretary noted that the President has directed the Tariff Commission to conduct an immediate investigation under section 22 on the imports of Swiss or Emmentaler cheese, Gruyere-process cheese, and certain cheeses classified for tariff purposes as "Other" cheese having a purchase price of 47 cents per pound or more. The Secretary has recommended to the President that this action be taken in view of the sharp increase in 1970 of the imports

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of these cheeses and the need to protect the price support for milk in the face of these increasing imports. The Tariff Commission has been directed to examine the feasibility of continuing the present price break system of controls at different specified price levels, including price levels which may fluctuate with the support price of milk as well as the feasibility of quotas for cheeses at all price levels.

The Agriculture Act of 1970 suspended until April 1, 1974, the mandatory requirement to support butter fat in farm-separated cream. However, Commodity Credit Corporation will continue to buy butter as well as nonfat dry milk and cheese to carry out the price support objective for manufacturing milk.

As a result of the change in the law, CCC's purchase prices for butter are reduced by about 2 cents per pound. The Secretary expressed the hope that the lower price for butter would result in higher commercial consumption and reduced CCC purchases and stocks. CCC now has large inventories of butter which total about 100 million pounds. The lower butter price is being offset by an increase of 1.2 cents a pound in the purchase price of nonfat dry milk. This combination of butter and powder prices will enable manufacturing plants to pay farmers, on the average, the support price of \$4.66 per hundredweight for milk.

Prices received by farmers for manufacturing milk (adjusted to average milkfat content) averaged \$4.72 per hundredweight during April 1970 - January 1971.

The support price is for milk of average milkfat content (approximately 3.67 percent).

(more)

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- 3 -

The support buying prices for the 1971-72 marketing year will be:

	Purchased and produced before <u>April 1, 1971</u>	Purchased on or after <u>April 1, 1971</u>
	. . . cents per lb. . . .	
<u>Butter, U.S. Grade A or higher:</u>		
New York, N.Y., and Jersey City and Newark, N.J.	70.75	68.75
California, Alaska, and Hawaii	70.00	67.75
Washington and Oregon	<u>1/</u>	67.75
Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina	69.75	67.75

U.S. Grade B: 2 cents per pound less than for U. S. Grade A

The price of butter located at any other point will be the price at a designated market, either New York, Seattle, or San Francisco, less 80 percent of the lowest published domestic railroad freight rate per pound gross weight for a 60,000 pound carlot, in effect at the beginning of this marketing year, from such other point to the designated market named by the seller.

	Produced before <u>April 1, 1971</u>	Produced on/or after <u>April 1, 1971</u>
	. . . cents per lb. . . .	
<u>Cheddar cheese, U.S. Grade A or higher, standard moisture basis</u>	52.0	52.0
<u>Nonfat dry milk (spray) U.S. Extra grade (but not more than 3.5 percent moisture):</u>		
50-pound bags, with sealed closures	27.2	28.4

1/ Calculated by use of freight rates.

USDA 843-71

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[6384]

USDA press release
March 12, 1971,
1-3, summary

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SUMMARY

Milk Price Support Program, 1971-72, MCP 98a

- A. The docket authorizes a milk price support program by establishing a price for manufacturing milk of \$4.66 per hundred weight, the same level as for the 1970-71 marketing year.
- B. The docket differs from prior years in that it does not provide for supporting butterfat in farm-separated cream. The requirement to support butterfat was suspended by the Agricultural Act of 1970.

CALL SIDNEY COHEN, EXTENSION 4037
IF MORE INFORMATION IS NEEDED

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, March 12, 1971

Secretary Hardin Announces Milk Support, Dairy Purchase Prices for 1971-72:

Secretary of Agriculture Clifford M. Hardin today announced the support price for manufacturing milk will be \$4.66 per hundredweight in the 1971-72 marketing year beginning April 1, 1971. This is the same as for the present marketing year.

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In making this announcement, the Secretary said he realized that some dairymen believe that the support price should be increased. However, after careful review of the situation and the provisions of the law, Secretary Hardin declared that he felt today's action was in the long-term best interests of the dairy producers.

"The long time well being of dairymen," the Secretary declared, "requires that prices be kept at levels which will permit the overwhelming proportion of milk to clear through commercial markets. Dairymen, like all farm producers, are faced with increased costs. But they know from past experience that they do not benefit when dairy production substantially exceeds demand and excessive surpluses pile up in Government warehouses. We must avoid this."

The Secretary also announced that it will be necessary to purchase cheese during the coming months for use in USDA food programs. With these purchases, Secretary Hardin said that he believed that producer prices for milk would be strengthened. In this connection, the Secretary pointed out that on March 10 more than 2.5 million pounds of cheese was purchased and buying offers are continuing.

At the same time, the Secretary noted that the President has directed the Tariff Commission to conduct an immediate investigation under section 22 on the imports of Swiss or Emmentaler cheese, Gruyere-process cheese, and certain cheeses classified for tariff purposes as "Other" cheese having a purchase price of 47 cents per pound or more. The Secretary has recommended to the President that this action be taken in view of the sharp increase in 1970 of the imports

(more)

of these cheeses and the need to protect the price support for milk in the face of these increasing imports. The Tariff Commission has been directed to examine the feasibility of continuing the present price break system of controls at different specified price levels, including price levels which may fluctuate with the support price of milk as well as the feasibility of quotas for cheeses at all price levels.

The Agricultural Act of 1970 suspended until April 1, 1974, the mandatory requirement to support butterfat in farm-separated cream. However, Commodity Credit Corporation will continue to buy butter as well as nonfat dry milk and cheese to carry out the price support objective for manufacturing milk.

As a result of the change in the law, CCC's purchase prices for butter are reduced by about 2 cents per pound. The Secretary expressed the hope that the lower price for butter would result in higher commercial consumption and reduced CCC purchases and stocks. CCC now has large inventories of butter which total about 100 million pounds. The lower butter price is being offset by an increase of 1.2 cents a pound in the purchase price of nonfat dry milk. This combination of butter and powder prices will enable manufacturing plants to pay farmers, on the average, the support price of \$4.66 per hundredweight for milk.

Prices received by farmers for manufacturing milk (adjusted to average milkfat content) averaged \$4.72 per hundredweight during April 1970 - January 1971.

The support price is for milk of average milkfat content (approximately 3.67 percent).

(more)

The support buying prices for the 1971-72 marketing year will be:

	<u>Purchased and produced before April 1, 1971</u>	<u>Purchased on or after April 1, 1971</u>
	... cents per lb.	...
<u>Butter, U.S. Grade A or higher:</u>		
New York, N.Y., and Jersey City and Newark, N.J.	70.75	68.75
California, Alaska, and Hawaii	70.00	67.75
Washington and Oregon	1/	67.75
Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina	69.75	67.75

U.S. Grade B: 2 cents per pound less than for U. S. Grade A

The price of butter located at any other point will be the price at a designated market, either New York, Seattle, or San Francisco, less 80 percent of the lowest published domestic railroad freight rate per pound gross weight for a 60,000 pound carlot, in effect at the beginning of this marketing year, from such other point to the designated market named by the seller.

	<u>Produced before April 1, 1971</u>	<u>Produced on/or after April 1, 1971</u>
	... cents per lb.	...
<u>Cheddar cheese, U.S. Grade A or higher, standard moisture basis</u>	52.0	52.0
<u>Nonfat dry milk (spray) U.S. Extra grade (but not more than 3.5 percent moisture);</u>		
50-pound bags, with sealed closures	27.2	26.4

1/ Calculated by use of freight rates.

SUMMARY

Milk Price Support Program, 1971-72, MCP 98a

- A. The docket authorizes a milk price support program by establishing a price for manufacturing milk of \$4.60 per hundredweight, the same level as for the 1970-71 marketing year.
- B. The docket differs from prior years in that it does not provide for supporting butterfat in farm-separated cream. The requirement to support butterfat was suspended by the Agricultural Act of 1970.

CALL SIDNEY COHEN, EXTENSION 4037
IF MORE INFORMATION IS NEEDED

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NOTE 21.3

Indistinct stamp in upper right hand corner of page 1 states
"THE PRESIDENT HAS SEEN THIS."

THE WHITE HOUSE

WASHINGTON

21.3 John Whitaker memorandum

March 22, 1971

001234

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Meeting with 18 Key Dairy Industry Personnel
(Associated Milk Producers, Inc.)
Cabinet Room
Tuesday, March 23
10:30 a.m. (20 minutes)

I. PURPOSE: To hear their views on recent decisions by the Administration on dairy products.

II. BACKGROUND:

The dairy lobby has become very strong -- a very large cooperative running from Minnesota through Texas -- which lately have decided, like organized labor, to spend a lot of political money. Pat Hillings and Murray Chotiner, for example, are involved.

By April 1 each year, the Department of Agriculture announces their decision on milk price supports. The lobbying (Senators Miller and Curtis, Speaker Carl Albert, Wilbur Mills, etc.) has been intense this year. On March 12, you approved the recommendation of Secretary Hardin, George Shultz, John Ehrlichman and Pete Peterson, and USDA announced a three-part package to:

1. Hold the support price for manufactured milk at \$4.66 per hundred weight for the 1971-72 marketing year beginning April 1, 1971, (this is now about 80.5% of parity). The lobby wanted \$5.05 per hundred weight which would be about 87.2% of parity. The Administration was concerned that further increases in the price of milk (increased \$.38 or 9% last year would result in over production, plus a possible penny-per-quart increase in the price of milk;

2. USDA announced purchase of cheese for the USDA food (school lunch) program;

WJH

3. USDA noted that you directed the Tariff Commission to conduct an immediate investigation under Section 22 on the imports of cheese because of the sharp 1970 increase in cheese imports and the need to protect the price supports for milk in the face of these increasing imports.

Finally, last week, Congress (at Carl Albert's instigation) started talk of introducing a bill to set milk prices at 85% of parity. Albert obviously sees "a good thing." Page Belcher is concerned that the Democratic leadership, to embarrass you, could get enough liberal support for the bill (in spite of the penny-per-quart increase in the price of milk from the consumer viewpoint) combined with rural Republican Congressmen who don't want to take the heat to pass the bill and confront you with a very tough veto situation.

John Ehrlichman, George Shultz, Don Rice, Henry Cashen and John Whitaker met with Secretary Hardin and Under Secretary Phil Campbell on this problem last Friday and recommended that you appear in this meeting to hold the line, listen to their arguments and then await developments on the bill in the next two weeks to see if the Democrats can move the bill.

001235

III. ACTIONS REQUIRED:

Enter the Cabinet Room, go around the table meeting them (Harold Nelson, General Manager of Associated Milk Producers and David Parr are the two key "movers" although the Association President, John Butterbrodt will also be there. See Tab A for attendees). When you sit down, Secretary Hardin and Under Secretary Phil Campbell will be on your right and Mr. Butterbrodt on your left.

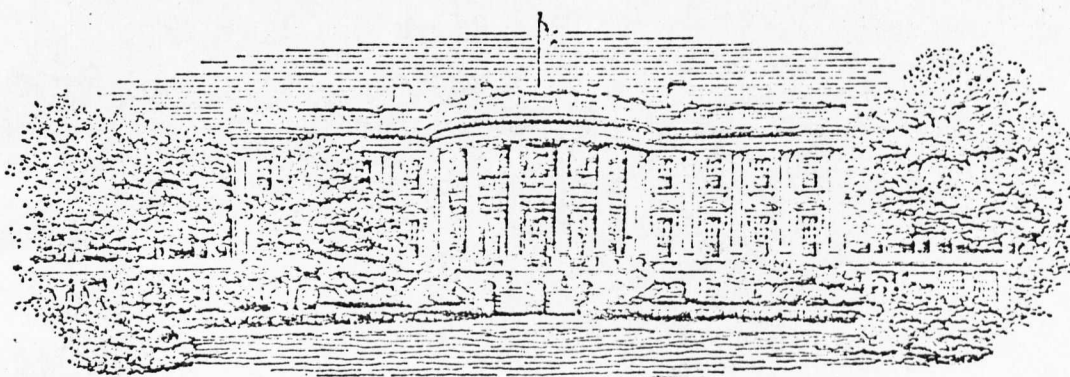
IV. POINTS OF DISCUSSION:

You might wish to make an opening statement (see Tab B) and then toss the ball to Hardin.

Tab C is a Fact Sheet on the group prepared by Under Secretary Campbell.

John E. Whitaker

WH



Weekly Compilation of
PRESIDENTIAL
DOCUMENTS

Monday, November 26, 1973



Volume 9 • Number 47

Pages 1345-1361

Administration of Richard Nixon

PRESIDENTIAL DOCUMENTS

Week Ending Saturday, November 24, 1973

Upper Great Lakes Regional Commission

*Announcement of Intention To Nominate
Raymond C. Anderson To Be Federal Cochairman.
November 16, 1973*

The President today announced his intention to nominate Raymond C. Anderson, of Maple City, Mich., to be Federal Cochairman of the Upper Great Lakes Regional Commission. He will succeed Thomas F. Schweigert, who became Alternate Federal Member of the Delaware River Basin Commission on September 6, 1973.

From 1969 to 1971, Mr. Anderson served as executive assistant to Michigan Gov. William G. Milliken. He has been retired since 1971 and was also retired from 1964 to 1969. From 1959 to 1964, he served as administrative assistant to then-Congressman Robert P. Griffin, from 1952 to 1959, he was administrative assistant to Senator Charles E. Potter of Michigan, and he was administrative assistant to Congressman Roy O. Woodruff of Michigan from 1937 to 1944 and from 1946 to 1952.

He was born on March 5, 1912, in Grand Rapids, Mich. Mr. Anderson was graduated from Grand Rapids Junior College in 1932. From 1944 to 1946, he served as an officer in the U.S. Navy.

NOTE: The announcement was released at Key Biscayne, Fla.

Associated Press Managing Editors Association

*The President's Remarks in a Question-and-Answer
Session at the Association's Annual Convention in
Orlando, Florida. November 17, 1973*

THE PRESIDENT. President Quinn and ladies and gentlemen:

When Jack Horner,¹ who has been a correspondent in Washington and other places around the world, retired after 40 years, he once told me that if I thought that the White House Press Corps answered (asked) tough questions, he (I) should hear the kind of questions the managing editors asked him. Consequently, I welcome this opportunity tonight to meet with the managing editors of the Nation's newspapers.

I will not have an opening statement because I know, with 400 of you, it will be hard to get through all of the questions you have, and I understand the President has a prerogative of asking the first question.

Mr. Quinn [John C. Quinn, Gannett Newspapers, and president, Associated Press Managing Editors Association]

WATERGATE AND THE FUTURE

Q. Mr. President, this morning, Governor Askew of Florida addressed this group and recalled the words of Benjamin Franklin. When leaving the Constitutional Convention he was asked, "What have you given us, sir, a monarch or a republic?" Franklin answered, "A republic, sir, if you can keep it."

Mr. President, in the prevailing pessimism of the lingering matter we call Watergate, can we keep that republic, sir, and how?

THE PRESIDENT. Well, Mr. Quinn, I would certainly not be standing here answering these questions unless I had a firm belief that we could keep the republic, that we must keep it, not only for ourselves, but for the whole world. I recognize that because of mistakes that were made, and I must take responsibility for those mistakes, whether in the campaign or during the course of an administration, that there are those who wonder whether this republic can survive. But I also know that the hopes of the whole world for peace, not only now, but in the years to come, rests in the United States of America. And I can assure you that as long as I am physically able to handle the position to which I was elected, and then reelected last November,

¹ Gannett D. (Jack) Horner was a reporter with the Washington Star from 1937 until his retirement in November 1973. Since 1974 he was White House correspondent for that newspaper.

What I probably will do is to do a little writing. I will not do any speaking. I have made enough speeches in a year to last most people for a lifetime, particularly my audiences.

And so, under the circumstances, what I probably will do will be do some writing, and perhaps contribute to bettering the political process. Let me just say this: Neither party is without fault in the campaign of 1972—quite a bit of violence on the other side, I never spoke anywhere without getting a pretty good working over.

Neither party was without fault with regard to the financing. They raised \$36 million, and some of that, like some of ours, came from corporate sources and was illegal because the law had been changed, and apparently people didn't know it.

And as far as Congressmen and Senators are concerned, they will all tell you that with the new laws and so forth, there ought to be some changes.

I think that if we can't get the Congress to act on the proposal I gave to them 6 months ago to provide a commission to set up new rules for campaign contributions—limiting them—new rules for campaign procedures, then after I leave office, I am going to work for that, because I don't want to be remembered as the man who maybe brought peace for the first time in 12 years, who opened to China, who opened to Russia, maybe avoided a war in the Mideast, maybe if we can continue it, cut unemployment down for the first time in 18 years, for the first time in peacetime it is down to 4½ percent. It was never at that level, never below 5 percent in the sixties, any time in the sixties, neither the Kennedy nor the Johnson Administration except during the war years.

I want to be remembered, I would trust, as a President that did his best to bring peace, and also did his best to bring a degree of prosperity, perhaps a contribution in the energy field, in the environmental field, but also one who did his best, when his own campaign got out of hand, to do everything possible to see that other campaigns didn't get out of hand in the future.

Now we will go to the milk case.

THE MILK CASE

MR. QUINN. Mr. President, APME would like to ask you about the milk case, but our 60-minute commitment of time has run out. APME appreciates your appearance before us this evening and we thank—

THE PRESIDENT. I will take the time. Televisions, keep me on just a minute. [Laughter]

Q. Thank you.

THE PRESIDENT. It is a lousy movie anyway tonight. [Laughter]

The reason the milk case question—and this will be the one I will take—ought to be asked, as it is, is that just some awful nice people are getting a bad rap about it. And I am not referring about myself. I am referring about people in the Administration. They have had John Connally

down. They have run him around the track. I guess they are going to have Cliff Hardin down, and Pete Peterson, and all the rest.

The whole charge is basically this: That this Administration, in 1971, raised the support price for milk as a quid pro quo for a promise by the milk producers that they would contribute substantial amounts, anywhere from \$100,000 to \$2 million to \$10 million, to our campaign.

Now that is just not true. I will tell you how it happened—I was there. Cliff Hardin, in the spring of that year, came in and said, "The milk support prices are high enough." I said, "All right, Cliff, that is your recommendation, the Department of Agriculture?" He said, "Yes." Within 3 weeks after he had made that announcement, Congress put a gun to our head.

Let me tell you what it was. Republicans? Uh-uh. One hundred and two members of Congress signed a petition demanding not 85 percent of parity, but a 90 percent support price, and 28 members of the Senate, most of them Democrats, including Senator McGovern, signed a petition demanding—a petition, or signed a bill, which would have made the milk support price between 85 and 90 percent.

So I talked to my legislative leaders, and I said, "Look here, what I am concerned about—what I am concerned about—is what people pay for that milk, and I don't want to have that price jugged up here if we can keep it and get the supply with the present support price." You know what I was told. They said, "With the kind of heat that we are getting from the Congress, there is no way that you are not going to get on your desk a bill—and they will be able to override your veto—that will raise the support price probably to 90 percent." So, we said 85 percent.

And that is why it was done and that is the truth.

Well, thank you very much, gentlemen. I guess that is the end.

NOTE: The President spoke at 7 p.m. in the Contemporary Hotel, Walt Disney World, Orlando, Fla. His remarks were broadcast live on radio and television.

Robins Air Force Base, Georgia

*The President's Remarks Upon Arrival.
November 18, 1973*

Thank you very much. Pat and I wish we could shake hands with every person who has been so very kind to come out and welcome us on this occasion, but it happens that downtown there is going to be a very special ceremony, as you know, for the 90th birthday of the man we affectionately call "Uncle Carl" Vinson. It also is the 100th anniversary, as I understand it, of the Mercer Law School.